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Taiwan: high-tech copycat seeks lion's role, Page 3

World news

Swedes aim for strike settlement

Swedish Government and the white collar public sector union agreed to meet with mediators today as pressure grows for a quick settlement to the two week long strike.

The dispute has crippled Swedish trade and is taking a heavy toll on the economy while the ruling Social Democrats prepare for a keenly contested general election this September.

The TCO-S union has brought out about 20,000 workers, including air traffic controllers and customs clearance officers, in support of a 3.1 per cent retroactive pay claim. Page 2

Report angers French

French Government reacted angrily to a U.S. Congressional report showing that France has become the second largest arms supplier to developing countries after the Soviet Union. Page 2

Honduras to disarm

Honduras is to begin disarming the U.S.-backed Nicaraguan guerrillas who are using the country as a base for attacks against neighbouring Nicaragua. Page 4

UN official freed

United Nations official Aidan Walsh, kidnapped in Beirut, was released unharmed in the Lebanese capital.

Turkish police jailed

Five Turkish policemen were jailed for causing the death of a man suspected of murdering Nihat Erim, a former Turkish Prime Minister, in 1980.

Sri Lanka raid

Security forces killed 18 Tamil separatist guerrillas in a raid on a rebel training camp in Sri Lanka's Eastern Province.

Bank workers strike

Argentina's 160,000 strong bank workers' union defied a government order and staged a three-hour strike in protest at the closure of the Banco de Italia y Rio de la Plata, one of the country's largest banks.

Missing aircraft

An aircraft, believed to be Russian, is missing off the east coast of Siberia in the same area where a Korean Jumbo jet was shot down by Soviet fighters in 1983. Page 3

UK miners jailed

Two coal miners were jailed for life for the murder of a taxi driver taking a rebel miner to work during the UK miners' strike.

Kampuchea hate-day

Kampuchea's Government announced a national Day of Hatred next Monday against atrocities by the former Khmer Rouge regime.

Afghans plan alliance

Afghanistan's bickering resistance parties said they agreed to unite to co-ordinate their struggle against the Soviet-backed Kabul Government.

Soviet alcohol curb

The Soviet Union announced a package of strong measures to combat the country's high rate of alcoholism. They include penalties for home brewing, drinking on the streets and a ban on certain drinks. Page 2

S. Korea protest

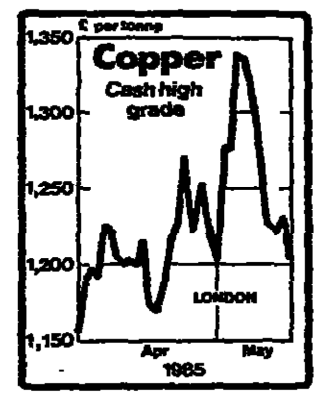
Thousands of stone-throwing students clashed with South Korean riot police on the eve of the fifth anniversary of a civil insurrection in the city of Kwangju.

Business summary

Renault to quit joint venture with Allied

ALLIED CORPORATION of the U.S. is negotiating to take full control of Renix, a French-based motor vehicle electronics maker which it owns jointly with Renault, the state-owned car group. Page 25

WALL STREET: The Dow Jones industrial average closed up 4.53 at 1,278.05. Section III



COPPER came under renewed selling pressure on the London Metal Exchange and the higher grade cash price closed £25.25 down at £1,205.75 a tonne. A report by brokers Rudolf Wolff says there are signs of rising prices in gold, silver and platinum. Page 44

LONDON equities eased led by high technology and electronic stocks. The FT Ordinary index fell 9.8 to 1,012.5. Section III

TOKYO: Blue chip stocks recovered ground after a weak start. The Nikkei-Dow average added 11.27 to 12,369.30. Section III

DOLLAR was firmer in London, closing at DM 3.091 (DM 3.077), FFr 9.42 (FFr 9.385), SwFr 2.59 (SwFr 2.5785) and Y251.45 (Y251.0). On Bank of England figures, the dollar's exchange index rose to 146.3 from 145.4. In New York it was DM 3.0965, SwFr 2.5975, FFr 9.4375 and Y251.63. Page 45

STERLING fell ½ cent against the stronger dollar in London to close at $1.2585. It also declined to Y316.5 (Y317.0) but was higher at DM 3.9 (DM 3.8875), FFr 11.895 (FFr 11.825) and SwFr 3.3 (SwFr 3.26). The pound's exchange rate index fell 0.2 to 78.9. In New York it was $1.2603. Page 45

GOLD fell $2.75 on the London bullion market to close at $320.50. The market in Zurich was closed for the Ascension Day holiday. In New York the Comex June settlement was $321.50. Page 44

U.S. MONEY SUPPLY rose $2.1bn to an adjusted $577.6bn in the week ended May 6.

MALTA is seeking treaties with the U.S. and Italy to increase investment in its industry and stimulate exports. Page 6

BRITISH PETROLEUM, biggest UK company, reported a £78m ($97.5m) rise in replacement cost net profits in the first quarter to £402m. Page 28; Lex, Page 23

JAPAN'S Transport Minister, M Tokuo Yamashita, has stepped in to help arrange the salvage of Sanko Steamship, a debt-laden shipping group with cumulative losses of Y145bn ($581m) – the biggest in the country's corporation history. Page 26

INTERNATIONAL Harvester, the U.S. agricultural equipment maker, returned to profit in the second quarter with net earnings of $59m, against a $1m loss a year ago, on sales up from $857m to $915m.

BRITISH airlines have been refused a number of small fare increases on several European routes, because the UK Civil Aviation Authority said they were already earning enough money from the services.

CONTINENTAL GUMMI-WERKE, West Germany's biggest tyre maker, increased sales revenue by 6.4 per cent in the first quarter of this year and hopes at least to maintain its dividend of DM 3 this year. Page 25

Germany blocks cut in Community cereal prices

BY QUENTIN PEEL AND IVO DAWNAY IN BRUSSELS

WEST GERMANY yesterday succeeded in blocking – at least temporarily – a move to cut cereal prices paid to EEC farmers, by citing its vital national interest in the face of a likely majority decision by Community farm ministers.

The German action means that Bonn has been forced for the first time formally to invoke the process of national veto – the so-called Luxembourg compromise – despite its official commitment to abolish the system.

It also means that the farm ministers have had to approve an unprecedented prices deal which excludes the central question of cereals prices.

The threat of a veto by Herr Ignaz Kiechle, the German Agriculture Minister, had led the negotiations into a cul-de-sac after six meetings and hundreds of hours of talks. But yesterday evening, during a session of more than 30 continous hours of talks, the ministers agreed to accept a package without a decision on grains.

The move immediately provoked an angry debate as to whether Herr Kiechle had indeed fully invoked the Luxembourg compromise that allows a member state to block a majority decision. Throughout the negotiations, West Germany has struggled to avoid formal invocation of the veto.

The U.S. farm lobby had reservations yesterday about the potential spur to overseas sales of the Reagan Administration's new $2bn farm export subsidy programme, but the EEC complained that it had been unfairly singled out for punishment. *Page 24*

The German use of the formula stops short of the final demand that no vote be held. But Herr Kiechle used the exact form of words required by the Luxembourg compromise, the first time they have ever been used by a German minister.

His move is seen by officials in Brussels as a grave blow to hopes of removing the national veto from the EEC decision-making process, in an effort to speed up development of the Community. The whole question is top of the agenda for the heads of government at their summit in Milan next month.

Yesterday's outcome has given individual member states substantial concessions on farm prices in many sectors, thereby weakening the impact of the European Commission's austerity price package presented last January.

In several cases, particularly those concerning Mediterranean fruit and vegetables, modest price reductions have been agreed which were originally conditional on the cereals price cuts. The deal also means that a price rise of 1.5 per cent for milk can now go ahead alongside a small reduction in the overall Community output.

The Commission, which as recently as last week had insistend that no deal could be struck without a conclusion of the cereals debate, was last night attempting to show the outcome in the most favourable light. It stressed that any additional costs to the Ecu 20bn ($14.2bn) farm budget, through a final grains deal, would have to be met from strict management measures certain to penalise farmers.

But Mr Frans Andriessen, the Farm Commissioner, added in a statement: "The Council, by its reluctance to follow the voting procedures laid down by the Treaty, puts at risk the functioning of the Common Agriculture Policy, and the important reforms of the CAP decided last year."

This reference to the voting procedures is a clear criticism of

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Editorial comment, Page 22

Delors prepares plan to eliminate trade barriers

BY ALAN FRIEDMAN IN MILAN

M JACQUES DELORS, president of the European Commission, said yesterday that he would go to the European summit in Milan next month with concrete proposals "to eliminate trade and fiscal barriers and establish by 1992 a real and functioning European market."

M Delors said that this would be one of two key agenda items at the Milan summit which might lead to institutional changes. The other item would be a new and co-ordinated programme of research and technological development.

Speaking at the meeting of the European Trade Union Confederation (ETUC) in Milan, M Delors also rejected as unacceptable for Europe the U.S. economic model. In a thinly veiled reference to the damning critique of European industrial policy delivered at last month's Venice summit on unemployment by Mr Malcolm Baldrige, the U.S. Commerce Secretary, M Delors said that "everybody seems to be lecturing Europe as to what we should be doing, but we must remain faithful to our traditional values and mixed economy."

The European Commission President, addressing delegates representing 45m workers, said that Europe could not "act as though we were the predominant world economy with a huge trade and budget deficit." He went on to reject the suggestions "from leading figures in the American Administration" that Europe should be emulating the U.S. policy of devoting less capital to achieving productivity through fixed equipment expenditure and more to job creation.

"We must make adjustments to our mixed economy model and achieve more labour mobility."

M Delors endorsed the idea of increased public spending on "European infrastructure programmes such as communications, transport and data bases."

He also said he favoured reinforcing the role of the European currency unit (Ecu) as a reserve currency for central banks and urged support for the European Monetary System. He also called for uniform company codes across Europe. "After 25 years of existence we still don't have a European company standard," he complained.

M Delors said it was essential for Europe to be more independent and to better co-ordinate its policies. He cited as an example the lack of European unity at the recent Bonn economic summit. "We all know what happened at Bonn. It was a one-way dialogue and the fists came banging down on the negotiating table." European nations, he concluded, had been unable to present a united front vis-a-vis either the U.S. or Japan.

Setback for EEC talks with Japan, Page 6

Tribune Company pays record $510m for U.S. TV station

BY WILLIAM HALL IN NEW YORK

THE TRIBUNE Company, the Chicago-based newspaper and broadcasting group, has paid $510m for a Los Angeles TV station, the highest price paid to date in the current wave of acquisitions sweeping the U.S. broadcasting industry.

The deal comes only a week after Mr Rupert Murdoch, the Australian publishing magnate, announced the purchase of six TV stations for $1.6bn and is the latest sign of the takeover mania now sweeping through the U.S. television business as rival groups bid up the prices of lucrative stations to unheard of levels.

The Tribune Company, whose newspapers compete head-on with those of Mr Murdoch in New York and Chicago, is buying KTLA-Channel 5 in Los Angeles for $510m in cash, more than twice the sum at which it changed hands just two years ago.

Tribune already operates independent TV stations in New York, Chicago, Atlanta, Denver and New Orleans, and the acquisition of KTLA-Channel 5, the leading independent station in the country's second biggest TV market, will catapult the company into fifth place in terms of TV broadcasting groups after the three networks and Mr Murdoch/Twentieth Century Fox.

Mr Stanton Cook, chief executive of Tribune, said that the acquisition means that his company will extend its reach from 14.5 per cent to 19.6 per cent of the nation's TV households. He said that the acquisition was "consistent with the strategy we have pursued in recent years to expand our position in independent television programming."

KTLA-Channel 5 was bought for $245m in 1983 in a leveraged buyout organised by Kohlberg-Kravis Roberts. Mr James Dowdle, president of Tribune's broadcasting operations, played down the idea that his company and Mr Murdoch were vying with each other to create a fourth U.S. TV network to compete with CBS, NBC and ABC.

He stressed, however, that a big attraction for Tribune was the independent programming which was supplied by KTLA, a pioneer in providing local programming. KTLA, based in Hollywood, has launched the TV careers of several leading U.S. entertainers

Tribune was reluctant to give specific financial information on KTLA-Channel 5. The company said that it had bought the station on a multiple of 12 times estimated

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Partial accord reached on European fighter

By James Buxton in Rome

DEFENCE MINISTERS from five European countries last night reached agreement on one part of the specification for the projected European fighter aircraft for the 1990s.

The ministers from Britain, France, West Germany, Italy and Spain agreed in Rome on a compromise formula for the weight of the aircraft, which they plan to build as a joint project to meet Nato needs for an air defence fighter in the next decade.

They were still talking late last night, however, on the more crucial question, of the thrust of the engines with which the aircraft would be equipped.

Britain, represented by Mr Michael Heseltine, the Defence Minister, favours a more powerful aircraft capable of carrying more armaments. The British preference was firmly supported last night by West Germany, Italy and Spain.

The French want a less powerful aircraft, which they believe would be easier to sell in markets outside Nato.

The aim of last night's meeting was to reach agreement on the basic outlines of the aircraft so that a project definition study can then be launched. It was hoped to avoid having to postpone a decision to another meeting of European defence ministers, due to be held in London in mid-June.

Sig Giovanni Spadolini, the Italian Defence Minister, said last night that agreement could only be reached if there was the political will to do so. After two and a half hours of talks he cancelled a planned dinner for the ministers and prepared for a session going far into the night.

Officials were working on a form of words in which to encapsulate the agreement in principle on the weight of the aircraft.

General Giuseppe Piovano, the Italian Director of Armaments, said the agreement was not a "mathematical average" between opposing positions but an "intelligent assessment" of what the aircraft needed to be capable of doing.

Even if a project definition study goes ahead, many further questions would remain to be settled, including the division of work between the five countries and the type of engine it will employ.

Behind the difficult discussions lie intense rivalries between the British and French aircraft industries.

The French Government has come under pressure from its aerospace industry to harden its line with Britain.

Pru-Bache to buy 33% of Clive Discount

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

PRUDENTIAL-BACHE Securities of the U.S. is to buy a one-third stake in Clive Discount, the UK discount house, as a preliminary step to forming a primary dealership in the UK gilt-edged market.

Clive, one of the small group of firms which deal in money market instruments, announced a loss of £860,099 ($1.08m) yesterday for the year ending March 31, blaming difficult trading conditions. It halved its dividend to 1.1p a share, and indicated that payment was conditional on shareholders agreeing to the Pru-Bache deal.

Clive's shares closed with a loss of 7p at 51p after hitting 50p, a low for the year. Earlier this week they were at 65p on rumours of a takeover bid.

Under the terms of the deal, Bach Group, the holding company of Pru-Bache Securities, is to get a 10-year option to buy up to 33.4 per cent of Clive at a price of 57p a share. This represents a 50 per cent premium over the net asset value per share of Clive. According to yesterday's results, in which Clive is for the first time disclosing its true worth, shareholders' funds are £8.8m, down from £9.5m last year. Discount houses normally conceal part of their worth in inner reserves.

Bache will also buy Clive loan stock to the value of £7.5m, which will probably be redeemed as the U.S. group builds up its equity stake, which might be raised beyond a third at some later stage.

Clive's existing shareholders will get warrants to buy shares at 57p on the basis of one for every 10 shares they already own. This would raise an additional £1.3m for Clive.

Most of the arrangements for the tie-up between Pru-Bache and Clive are being handled through P-B Securities, Down, de Boer & Duckett, the London stock exchange member firm in which Pru-Bache has a 29.9 per cent interest, to be raised to 100 per cent when allowed by the stock exchange.

This firm will also act as the vehicle for the gilts dealership to be established by Pru-Bache and Clive. Final details have yet to be agreed, but the venture will be capitalised at about £20m.

Aside from bringing Clive a timely capital infusion, the link with Pru-Bache will associate it with a major participant in the international markets, and a primary dealer in U.S. government securities. However Pru-Bache has also been making large losses recently, partly because of an expensive restructuring operation. This has given rise to rumours – firmly denied – that its parent, the Prudential insurance company, might sell it.

For Pru-Bache, the Clive deal gives it access to the UK money dealing business, and enlarges the range of its international securities operations.

Lex, Page 24

Austrian bank takes stake in UK broker

BY PATRICK BLUM IN VIENNA

GIROZENTRALE, Austria's second largest bank, has acquired a 29.9 per cent share in Gilbert Eliott and Company, a London stockbroker. Pending approval from the London Stock Exchange, Girozentrale intends to raise its shareholding to 75 per cent next year with a view to taking full control at a later date.

Dr Karl Pale, Girozentrale's chairman, said the move would strengthen the bank's activities in investment banking giving it greater access to institutional investors in Britain as well as provide opportunities for Austrian investment in new markets. The bank will be able to draw from Gilbert Eliott's expertise in these areas, he said.

Gilbert Eliott was formed in 1947 as a specialist broker in commercial and industrial preference shares. Girozentrale says that the firm has acquired special expertise in oil, retailing and investment trusts, three areas in which it is eager to become more active.

Girozentrale has a dual role as clearing bank for the Austrian savings banks and as commercial bank in its own right. It has become the most active Austrian bank in the Euromarkets and has had a full branch in London since 1980.

Gilbert and Eliott says that its association with Girozentrale will help the firm in expanding its services in Britain and international markets. The firm will offer an in-

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CONTENTS

Pay rows threaten Spanish operations of GM and Ford

BY DAVID WHITE IN MADRID

WAGE CONFLICTS threaten to disrupt production at the Spanish subsidiaries of both General Motors and Ford, the country's leading car exporters.

The Communist-led Workers' Commissions union, which holds a dominant position at GM's Figuerelas plant near Saragossa, has called for a strike from next Tuesday to the end of the month in pursuit of a 9.5 per cent pay claim.

The result of a vote among the plant's 8,300 workers is due today.

The strike plan marks a sharp escalation in the dispute, after one-day stoppages on May 9 and May 14. Company officials said that about 40 per cent of the workforce refused to follow the last strike call, allowing the factory to continue production of parts but not completed cars.

The plant is the GM group's sole production base for Opel Corsa saloons, sold in the UK as Vauxhall Novas.

Management has offered a two-year deal involving a 7.5 per cent pay rise in the first year and a cost-of-living adjustment in the second, with a progressive reduction in annual working hours. The company recently won court backing in a dispute about how to apply the legal 40-hour week.

At Ford's Almusafes plant near Valencia, which employs 8,700, a series of two-hour and four-hour stoppages is being planned for next month in protest against the breakdown of negotiations over an 11.5 per cent pay demand.

The conflicts in the motor industry come in a labour climate which has eased significantly since the signing last autumn of a two-year economic and social pact between the Government, employers and the Socialist UGT trade union. The conclusion of wage settlements in the framework of the agreement reduced the number of working days lost through strikes in the first four months to 771,000 compared with more than 4m in the same period of 1984, according to the Labour Ministry.

U.S. report on arms sales angers French

BY PAUL BETTS IN PARIS

THE FRENCH Government has reacted angrily to a U.S. congressional report showing that France has become the second largest arms supplier to developing countries after the Soviet Union.

The French irritation is all the more acute because publication of the Capitol Hill report comes soon after the open and highly publicised differences between President François Mitterrand and President Ronald Reagan at the recent Bonn summit of the seven leading industrialised nations. The two countries differed on Washington's call for a new round of trade talks and on French demands for a new international monetary conference.

The report, by the Congressional Research Service, was released in Washington at the beginning of this week. It showed that the Soviet Union sold $10.4bn in military equipment to non-industrialised countries last year followed by France with arms sales of $9.1bn. The U.S., which was the Third World's largest arms supplier in 1983, came third with military sales to developing countries declining to $7.3bn last year from $10.2bn the year before.

The French Government claims the latest figures are misleading because French arms sales last year were boosted by one single huge contract to Saudi Arabia. This involved the $4bn deal to supply Saudi Arabia with a new anti-aircraft defence missile system.

The French arms sales were further increased by another major contract signed at the end of last year to supply Abu Dhabi with 1B Mirage-2000 jet fighters.

The Saudi contract, coupled with the Abu Dhabi Mirage order, contributed significantly in making last year a record for French arms sales which totalled FFr 61.8bn compared with the previous record of FFr 41.6bn in 1982. Arms sales in 1983 were lower, totalling FFr 29.1bn.

The Middle East and North Africa accounted for 76.6 per cent of French arms sales last year. Western Europe and North America accounted for 10 per cent. The Far East came next with 9 per cent. The rest was accounted for by South America, the Caribbean, and other African countries, excluding the Maghreb.

In commenting on the controversial congressional report, French officials also point out that French arms sales often involve import transfers of French technologies to developing countries, which is not the case with U.S. and Soviet arms sales.

Plans for robot-cleaners prompt Metro job fears

BY PAUL BETTS IN PARIS

THE HEADQUARTERS of the Paris Metro have been occupied by red flag-bearing union workers this week protesting against plans to introduce robots and automated equipment to clean the underground system.

The RATP, as the state company which runs the Metro is called, is tendering a FFr 2bn (£170m) contract over 10 years to large public works and industrial groups to set up a modern cleaning system using robots.

Members of the pro-Socialist CFDT union are worried, however, that it will mean serious job losses. About 1,500 workers, mainly North African immigrants, are employed in cleaning the Metro, and the union is worried that at least 1,100 could eventually lose their jobs.

According to M Claude Quin, the RATP chairman and the only remaining member of the Communist party in high public office, the time has come for the Metro to evolve from the age of the broom to that of the robot.

He has always sought to convey the image of a competent technocrat at the head of the RATP. His management of the Metro has been generally praised and since he took over there has been relatively little labour unrest.

The CFDT militants yesterday agreed to end their sit-in after the RATP assured them that the cleaning plans would not entail immediate job cuts. Indeed, it is to be carried out over a five-to-ten year period with the robots taking over from 1990.

Italian election heralds shake-up

By James Buxton in Rome

SEVERAL of Italy's big cities are heading for the biggest shake-up for a decade. New ruling alliances are being formed which exclude the Communists, following the party's poor showing in the municipal elections last Sunday and Monday.

Rome looks certain to have a Christian Democrat-led administration after the success of the party in overtaking the Communists there. New administrations that include the Christian Democrats instead of the Communists are possible in Milan, Venice, Bari and elsewhere.

The results of the municipal elections broadly paralleled those of the regional and provincial elections that were held simultaneously. The Communist Party suffered losses compared with both the previous municipal elections of 1980 and with the 1983 general and 1984 European elections.

The Christian Democrats fell slightly, compared with the previous municipal test, but rose against the 1983 and 1984 results – while the smaller Socialist Party did better, compared with all three recent elections.

The final outcome was: Christian Democrats, 33.6 per cent of the vote; Communists, 28.9 per cent; and Socialists, 14.7 per cent.

The Communist setback should, in several cities, lead to the breaking up of the left-wing Communist-Socialist coalitions, which have in many cases ruled since the big Communist advance of 1975.

The Socialist Party is likely to abandon the Communists to throw its weight behind centre-left coalitions which include the Christian Democrats and other centre parties similar to the coalition under Sig Bettino Craxi, the Socialist leader, which forms the national Government.

The Christian Democrats are jubilant at regaining control of Rome, after 10 years, where the Communist-led administration under Sig Ugo Vetere, the mayor, had become increasingly discredited because of its failure to tackle issues such as the appalling traffic.

It is a result which is certain to please the Vatican, which made little secret of its preference for a return of the Catholic party to power in Rome. But the new administration is likely to find the problems of the city just as intractable.

In Milan the popular Socialist mayor, Sig Carlo Tognoli, is likely to come under pressure from party headquarters to drop the Communists and form a centre-left coalition. Sig Craxi virtually promised such a change to the Christian Democrats before the election.

Another centre-left coalition will probably be formed in Turin, where the Communist vote also declined. There, the former Communist mayor, Sig Diego Novelli, had had to step down some months ago after his administration became engulfed by a serious corruption scandal.

The left-wing administration of Venice and Bari are also at risk, following changes in party support.

But in most of the cities of Italy's so-called "red belt" – the Communist-dominated region of Emilia-Romagna, Tuscany, and Umbria – there is likely to be little change, even though the Communists for the most part fell back slightly.

The exception is Florence, where a centre-left coalition may give way to one of the left, following losses by both the Christian Democrats and Socialists: that went against the national trend.

In Palermo, the Sicilian capital, the Christian Democrat vote fell by almost 10 per cent to just over 37 per cent, as a result of Mafia-related scandals, but the party remains the biggest single one in the city.

Moscow tries to stem tide of drunkenness

BY PATRICK COCKBURN IN MOSCOW

President Mikhail Gorbachev chats to Leningraders in Victory Square while on a visit to the city. He toured an electronics factory and an engineering institute yesterday, calling for faster technological progress

THE SPREAD of drunkenness is a serious concern to a great many people in the Soviet Union. An opinion poll carried out by sociologists revealed it to be a prime worry in almost three quarters of the population.

Their concern is not surprising. Sale of alcohol quadrupled between 1940 and 1973. Alcoholism is responsible for 90 per cent of murders, a third of motor accidents and is the reason given for half of divorces in the Soviet Union.

In Moscow, city firemen say that a third of all fires are caused by drunkenness—usually when people are smoking and fall asleep as a result of drink.

To combat this, the politburo has started a campaign against heavy drinking. There are numerous articles in the Press and programmes on television lamenting its effects and a series of measures announced yesterday, include heavy fines and a reduction in output of spirits.

According to Tass, the Soviet news agency the measures include:

- A cut in production of strong alcoholic drink with a parallel increase in soft drink from next year.
- A ban on production of all alcoholic drinks "based on fruit and berry juices" by 1988. It was not clear whether this included wine, champagne and cognac, all produced in quantity in the southern Soviet Union.
- "Considerable fines" for drinking in the street, stadiums, parks or appearing drunk in public.

The thrust of the campaign, however, is likely to be publicity against drinking in the Press which is now filled with tales of intemperance and the and consequences of indulgence. Letters from readers echo this theme.

Nikolai Vasilivich, for instance, was known in his apartment block for being good with his hands, according to his neighbours writing to a Moscow paper. "All the residents went to him when they needed help with anything—like putting up shelves, cutting a door to put in a lock, replacing broken glass. He was always willing to help. He didn't take money for his work but when you put a glass of vodka in front of him he didn't refuse . . ."

Intemperance took its toll. "After two years, many things were beyond his strength, his hands shook and he was always tipsy." Today, he cannot escape from his drunken stupor.

Stories like this have an impact but not, say Soviet specialists, on heavy drinkers. The problem is not simply the 8.5 litres of alcohol per head that Soviet citizens drink in a year—little more than U.S. average consumption—but the way in which they consume it.

Sociologists point out that the greatest consumers of alcohol in Europoe are in the southern wine growing countries, such as France, where consumtpion is 14.6 litres mostly of wine. The British and Germans drink beer and spirits.

It is in the fa rnorth that alcohol is drunk mostly in the form of spirits thereby leading to spectacular drunkenness. The Soviet Union is not alone. In Leningrad, every weekend most of the drunks in the streets and hotels are Finns who have come to the city to take advantage of cheaper drink than at home.

This underlines the difficulty in reducing Russian drunkenness. Drinking has increased steadily with a rising standard of living: per capita consumption of alcohol is four times what it was under the Czars and attempts to wean people on to other drinks have failed.

"Wine and beers are drunk in our country, not instead of, but along with, vodka," according to one study. "To the plentiful but irregular consumption of vodka is gradually being added the regular, though not yet record, consumption of less concentrated beverages."

In addition to the drink sold across shop counters—a bottle of good quality Stolichnaya vodka costs Roubles 6.20 (£5.87) a bottle—there is the moonshine produced in the country.

"Whole villages make home brew. In fact, not just the village, but the whole region," complains one farmer from Gomel province in Belorussia. "Both the foreman and farm manager make it. Finding a place where vodka is made is no trouble. There will be a wide track leading up to it, worn smooth by the wheels of tractors and trucks . . ."

Any limitation on the sale of vodka by the Government is likely to be made up by the black market. When the price of drink was raised in 1979, sales of sugar shot up as people switched to making it at home.

Other suggestions on how to reduce consumption ranging from rationing to selling alcohol in an unattractive bottle with a government health warning on the label are also likely to be ineffective.

Getting drunk is still regarded with tolerance by ordinary citizens and it is this which must be changed, according to an inspector at the Interior Ministry. He cited a recent incident in which eight children were killed in a bus which was crashed by its drunken driver.

"The driver had been drinking vodka all morning in full view of the officials of his transport company," says the inspector. "After arriving in the village he had continued to drink with the parents of children he was to transport and, although everyone saw that he was very drunk, no one did anything to stop him driving."

White House backs Romania on tariffs

BY DAVID BUCHAN

THE Reagan Administration will ask Congress next month to continue preferential trade treatment for Romania for another year, U.S. officials said yesterday. This is despite the recommendation of the departing U.S. ambassador that it no longer deserves such favouritism.

The officials confirmed the resignation of Mr David Funderburk, a North Carolina academic specialist in Romania who, with the help of the influential conservative, Senator Jesse Helms, was appointed ambassador in 1981. Earlier this week Mr Funderburk claimed in an interview that President Nicolae Ceausescu had "outfoxed" the U.S. by exaggerating his independence from Moscow and his relaxation of emigration curbs.

However, the State Department denied Mr Funderburk's main complaint that Mr Ceausescu in effect was dumping undesirable people on the U.S. "in a mini-Mariel," a reference to the forced exodus in 1980 of Cubans to Florida, and refusing to let out people the U.S. wanted. It admitted to a backlog in processing visas for Romanians, but these were qualified people, "not undesirables."

Mr Funderburk's resignation and his public outburst about U.S. policy coincides with the start of the annual congressional review of whether Romania's human rights record merits it continuing to receive most favoured nation (MFN) tariff status for its exports to the U.S.

Romania benefits greatly from such status, which expires on June 30. Some 15-16 per cent of its total exports go to the U.S., the highest proportion of any East European country.

The Administration view is that the human rights record is very mixed, with fairly free emigration for Jews but with also religious and ethnic oppression. On balance, however, it feels Romania has done nothing heinous enough in the past year—as it did in 1983 with a proposed emigration tax—to jeopardise its MFN status.

Mr Funderburk also complained that Washington had ignored evidence, collected by his embassy, that Romanian independence of Moscow was increasingly a sham. He cited growing economic links between Bucharist and Moscow, large numbers of Soviet civilians in the country, and the Romanian transfer of Western technology and exports of arms to the Soviet Union.

Officials in Washington, however, still stress that Romania remains a poor participant in the Warsaw Pact, allowing no Pact forces or manoeuvres on its soil, and controlling their transit across its territory very carefully.

Anger over Silesian exile attack

By Rupert Cornwell in Bonn

CHANCELLOR Helmut Kohl has been plunged into fresh embarrassment by postwar German exiles from Silesia, now part of Poland—this time as a result of a direct attack by their newspaper against President Richard von Weizsaecker.

The article in question, entitled "What Weizsaecker unfortunately did not say," is especially wounding in that it takes issue with the President's speech on the occasion of the 40th anniversary of the capitulation of the Third Reich, and which was widely admired for its unflinching acceptance of Germany's Nazi past.

It comes, moreover, less than four months after an earlier outburst in a Silesian publication, fantasising about an invasion of Eastern Europe by the modern Bundeswehr to regain territories lost by Germany after 1945

On that occasion, the Chancellor confirmed his intention of addressing this year's exiles rally in Hanover in mid-June—but only after its planned slogan had been changed from "Silesia remains ours" to the less inflammatory "Silesia remains our future in a Europe of free peoples."

Like the first article, the attack on Herr von Weizsecker has been greeted with dismay and anger by politicians of every hue.

Herr Kohl himself made clear yesterday that the millions of Silesian Germans in the country could not be held responsible for the "stupid and mad" opinions of a very few, and said that he would still be going to Hanover.

The newspaper accused the President of distorting history by asserting that Hitler and Germany alone were responsible for the Second World War—and by extension the enforced migration westward by ethnic Germans, of whom some 2m-3m are reckoned to have lost their lives.

It implied that Herr von Weizsaecker, as son of a senior official in the wartime Foreign Ministry, might have known more than most about the persecution of the Jews, to which his May 8 speech movingly referred. It assailed him for accepting the post-war Oder-Neisse frontier between East Germany and Poland.

The article's timing is particularly painful. Not only could it again fuel propaganda from Msocow and Warsaw on presumed West German "revanchism", but, coming so soon after the uncomfortable anniversary of war's end, it could be construed as evidence that modern West Germany still has not learnt the lessons of tue Nazi past.

Czech officials arrested in drugs scandal

BY LESLIE COLITT IN BERLIN

ONE OF the most serious corruption scandals in postwar Czechoslovakia has been uncovered in the customs service. Officials in charge of customs posts at the border to East and West Germany have been arrested for taking bribes from international drug smugglers.

Earlier this year, it was revealed that the head of Czechoslovak customs had been jailed for 10 years for "illegal enrichment."

The arrested officials received payments from smugglers transporting hard rugs from Beirut across Czechoslovakia to West Berlin and the Netherlands. Dozens of people are said to have been involved.

Several employees of the pharmaceuticals company Slovakofarma have also been arrested for illegally producing drugs for sale to addicts in Czechoslovakia.

In another corruption case linked with the police investigation into customs, the Vitkovice steel company in Ostrava was found to have exported high quality steel products to West Germany and not scrap metal as the shipping documents claimed. The proceeds were pocketed by company employees and customs officials.

Other people have been dismissed from the customs service or demoted for accepting bribes from smugglers of other goods into Czechoslovakia such as personal computers and video recorders. All told some 250 officials were involved in the various bribery cases of which only a few were reported

Yugoslavs warned on imports

BY ALEKSANDAR LEBL IN BELGRADE AND DAVID BUCHAN IN LONDON

YUGOSLAVIA'S central bank governor, Mr Radovan Makic, has issued a warning that his country might have to reduce consumer goods imports or see its reserve fall further. But he claimed he was misquoted as saying that Yugoslavia faced a stark dilemma between stopping all foreign payments and exhaustion of its reserves.

Mr Makic sought to minimise any international ramifications from his address this week to parliament, in which local newspapers quoted him as talking of the dilemma facing the national bank, "either to propose stopping all foreign payments or to completely exhaust foreign exchange reserves."

His statement was evidently designed for domestic consumption and to impress on local MPs – who, Mr Makic said, did not take the country's external financial problems seriously enough – that greater efforts needed to be made.

He did not retract his earlier quoted complaints that the January–March trade deficit was worse than in the same period of last year, and that so far this year insufficient foreign exchange had been set aside to meet the country's oil bill.

UK pledge on Gibraltar aid

By Joseph Garcia in Gibraltar

BRITAIN will continue to give aid to Gibraltar, Mr Timothy Raison, the Minister for Overseas Development, said yesterday at the end of a two-day visit to the Rock. There is a big question mark, however, about the level of that aid which is running at about £8m a year.

Communists reap bitter fruits from good neighbourliness

Moscow's views have their effect on Finnish politics, writes **Olli V. Virtanen** in Helsinki

LOOKING at the passenger lists for Moscow-bound trains has become an increasingly rewarding hobby for observers of the Finnish political scene. For the country's Communist Party is openly divided and the faction that is in favour across the border is in the minority.

The Communist Party's umbrella organisation, the People's Democratic League, holds 27 seats in Finland's parliament of 200 MPs. Thirteen seats are held by the majority faction and 11 by the pro-Soviet group.

Nine different parties have seats in the parliament, seven of them non-socialist, with 116 seats. The non-socialists have held a parliamentary majority since the 1970 elections but the real holders of power in Finland are the Social Democratic Party with 57 MPs, the agrarian Centre Party with 38 seats and the two smaller parties, the Swedish People's Party and the Rural Party, ruling in coalition. The current Finnish president, Mauno Koivisto, was elected as a nominee of the Social Democratic Party.

The divisions within the Communist Party have made it unreliable for government office and the conservatives have been in the opposition for 20 years because of their alleged anti-Soviet stance.

But the role of the Finnish Communists in building relations with the Soviet Union should not be underestimated. The party was founded in Moscow in 1918 and remained there in exile until 1945. The Soviet Union, after winning the war against Finland, insisted that the Finnish party be allowed to take part in the country's political life.

In their first elections the party gained 49 seats, their second biggest parliamentary group ever, surpassed only by elections in 1958 when they won one seat more. During the post-war years the party was alone in trying to build bridges and dispell animosity between the two countries.

One after another, Finnish politicians gradually came to realise that good relations with the superpower behind the 1000 km long border were essential both to Finland and the Soviet Union. By the 1980s, Finland's two long-serving presidents, J. K. Paasikivi and Urho Kekkonen had managed to convert practically the whole population into believing in good relations with the Soviet Union while still adhering to its own market economy system.

Economic relations have blossomed with successive five-year trade agreements between

the two countries, and business conducted on a barter basis, which has been unaffected by world recessions.

The Finnish Communists have gradually been left on the sidelines. Their main task, apart from pursuing the Finnish revolution, was to promote good relations with the Soviet Union, and this has now been achieved by others. Rising living standards have diminished their domestic opportunities and bickering among party comrades has taken over.

The march towards the formation of two separate parties has its roots in the 1968 Soviet invasion of Czechoslovakia, but the latest crisis began in 1982 when long-serving party chairman Aarne Saarinen retired. His controversial farewell speech emphasised a more independent role for the party and provoked warnings from Moscow.

Finland's neighbour became even more angry when a new leader, Mr Arvo Aalto, took over with his own ideas about creating a national version of Communism. Mr Aalto decided to form parallel regional organisations where the pro-Soviet faction held a majority, a decision which meant that the party was only a step away from becoming two separate parties.

Moscow adamantly opposes a split in Finland's Communist Party. Although in many West European countries Communists, although usually small in number, form all kinds of factions, a uniform front in Finland is apparently important for the Kremlin. And no Finnish Communist wants to be responsible for the decision to disunite the workers.

Official relations between the Finnish and Soviet Communist Parties are cordial but contacts have become more infrequent. Delegations to Moscow usually comprise members from the pro-Moscow minority, and when Moscow makes a comment about the affairs of the Finnish party, it usually echoes the grievances voiced by the minority.

At the same time the Kremlin also gives more material aid to vocal supporters of the Soviet Union in Finland, including cheap or free holidays in the Soviet Union through the (minority-owned) travel agency and lucrative orders to the faction's printing press.

The Finnish party's situation is probably best compared with that of Spain, where the Communist Party has failed to win the substantial electoral role it expected after the end of the Franco era, even though it had veered towards a more moderate line, and is now split.

The moderates have gained much electoral success in Italy, but in France, the party has returned to a more hardline stance.

Most people believe that a split in the party will have no effect on relations between Finland and the Soviet Union. Moscow will probably continue to back the faction which supports its policies, but without breaking ties with the majority faction, if only because of its bigger size.

Now that the party has lost its role of promoting good relations between the two countries and other parties have won the trust of the Kremlin, its pulling power is waning at the polls—and two Communist Parties are likely to attract even fewer votes than one.

In a country where almost all political parties bow to the might of the next door neighbour, it is perhaps ironic that the decline of the Communists has resulted from doing so well the job their neighbour expected them to do.

Mediation agreed in Swedish strike

The Swedish Government and the striking civil service union have agreed to meet mediators today as pressure builds for a quick settlement of the two-week-long pay dispute, one of the longest in Sweden since the war, writes David Brown in Stockholm.

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Emergency talks held on Israeli economic crisis

BY DAVID LENNON IN TEL AVIV

ISRAEL'S inner economic cabinet met in emergency session yesterday to discuss measures to deal with the crisis brought on by the resurgence of hyper inflation.

The Government's attempt to curb inflation and stabilise the economy through a voluntary wage and price agreement with the unions and employers failed to keep prices down in April, when they rose by a near record 19.4 per cent.

This is the same level as was prevailing in the economy before the introduction of the first voluntary accord at the end of last year, which brought inflation down to a few percentage points a month.

No decisions were taken at yesterday's meeting, but the ministers will continue their deliberations in preparation for a full Cabinet meeting on Sunday which will be asked to approve some harsh economic measures.

These are expected to include a three-month freeze on government contracts with suppliers of goods and services, a ban on civil service hiring, large cuts in subsidies on basic commodities, import restrictions, amendments to the taxation structure and doubling or tripling the $150 (£119) travel tax paid by every Israeli leaving the country.

Mr Gad Yaacobi, the Economics Minister, who described the situation as critical, said: "The Cabinet will discuss a wide range of measures whose aim will be to bring about a turning point in government policy, to slow domestic demand and to strengthen the country's foreign currency reserves position."

Mr Yitzhak Modai, the Finance Minister, explained that the ministers "are seeking ways to speed up the implementation of decisions already taken by the Government in recent months."

He was referring specifically to the refusal by the coalition members in the Knesset to approve a new property tax and education and health levies.

The Labour Party ministers in the Cabinet met in urgent session with the premier at the party headquarters in Tel Aviv yesterday to discuss the economic situation. The Likud bloc, which shares power with Labour, held a similar meeting on Wednesday night.

Missing jet 'a Soviet airliner'

TOKYO – An aircraft which vanished abruptly northwest of Japan yesterday might have been a Soviet Aeroflot airliner, the publicly-owned Japan Broadcasting Corporation (NHK) reported.

NHK, quoting unidentified Japanese government sources, said the aircraft was believed to have crashed in Soviet territorial waters off the northern part of eastern Siberia.

It was in this area that a South Korean airliner with 269 people on board was shot down by Soviet fighters in September 1983, after straying off course.

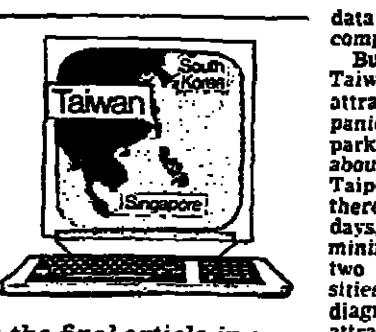
The Japanese Defence Ministry said earlier yesterday that an aircraft, believed to be Soviet, disappeared between eastern Siberia and the Soviet island of Sakhalin, north of Japan.

But officials would not say whether the aircraft was military or civilian. Civil aviation spokesmen in Moscow declined to comment on the report.

NHK said the missing aircraft might be an Aeroflot aircraft in view of the radio it was using. It said the aircraft was believed to have been flying from eastern Siberia to Sakhalin.

Soviet tourist officials said the only Soviet airliner regularly scheduled to cross the area at the time was an Ilyushin 18 from Khavarovsk in eastern Siberia to the town of Yuzhno-Sakhalin. Reuter.

Asia's hi-tech copy cat aims for lion's role



In the final article in a three-part series on Asian hi-tech industries, Robert King in Taipei reports on developments in Taiwan. The first article, on Singapore, appeared on May 2 and the second on South Korea, on May 9.

TAIWAN'S EFFORTS to move out of its technological copy-cat phase are gathering steam as some of its most innovative companies carry out extensive research and development programmes.

Encouraging companies to go hi-tech has been a government policy for years, long before the first pirated Apple computers hit the market. But government planners had to contend with complaisance on the part of manufacturers that kept them content with the status quo.

This was due in part to volume purchases of lower technology products by foreign buyers who dictated designs and specifications, but manufacturers have also lacked faith in their own inventiveness and ability to market new products, and have shown a marked unwillingness to re-invest in higher equipment and instrumentation that would permit higher value-added manufacturing.

To a large extent, these shortcomings still prevail. Recently released statistics indicate that manufacturing costs have consistently outstripped productivity gains — an indicator of unwillingness on the part of manufacturers to invest in better equipment, to automate or upgrade their processes.

Economic ministry statistics show that wages rose by an average of 15.2 per cent annually over the last five years, while productivity in manufacturing increased by only 7.4 per cent.

Technology levels still lag two years or more behind the West. Locally made personal computers, for instance, are still either outright copies of the Apple II or the IBM PC, except for a dozen or so IBM-compatibles which have been reworked to run more or less the same programmes as the IBM machine. A few other companies which have received licences from the copyright holder produce relatively unsophisticated eight-bit machines as well.

In short, although Taiwan has found ways to stay abreast of advances in technology without infringing too much on the patents and copyrights of others, no stunning gains in research and decision have taken place.

There are exceptions, however. Most are the efforts of companies with foreign investors which have successfully made use of Taiwan's well-educated but relatively inexpensive pool of engineers and technicians, and which have access to powerful research and design tools at major universities and Government institutions.

Other such companies were founded by expatriate Taiwanese seeking to re-establish themselves and their technical skills in the rapidly developing Taiwan industrial scene. But some of the companies that have made remarkable advances in technology employ home-grown engineers who have never studied abroad.

IBM, for instance, used a Taiwan-designed input-output system in tailoring its model 5550 micro for countries where Chinese script is used. That system, invented by Taiwanese engineer Chu Bang-Fu, allows input of more than 25,000 characters using a standard keyboard and has since been modified to produce the simplified characters used in mainland China.

Plug-in versions of Chu's system are now available for the Apple II and the IBM-PC for around $200, which means that even small companies whose data is in Chinese can afford to computerise.

But IBM is not alone, and Taiwan's biggest hi-tech attraction for Western companies is the Hsinchu science park, established four years ago about an hour's drive south of Taipei. Incentives available there, such as five-year tax holidays, pre-built factory sites at minimal rents, and access to two top-notch technical universities, their main frames and diagnostic tools, have so far attracted 60 companies of which about 47 are now operating.

About 30 are new ventures, but others represent investments by well-known companies such as Qume (ITT), which makes printers and floppy drives, Wang Labs, which develops software, especially programmes designed for special languages such as Chinese and Korean, Wryse technologies, which makes "intelligent" terminals, which can operate many functions on their own and AT & T, which now manufactures its No 5 electronic switching system there.

The park now boasts new large-scale investments in very large scale integration (VLSI) design and development from U.S. companies Vitelic and Quasel, which a park spokesman said plan to invest close to $100m over the next couple of years.

Technical advances by Taiwanese companies at the park include a microprocessor-controlled multi-line telephone system from Tecom which was selected by Radio Shack of the U.S. over three Japanese competitors, and a just unveiled image-scanner from Microtek which the company says can connect to most computers.

Park authorities say that Philips of the Netherlands and L. M. Ericcson of Sweden are among 15 potential new investors with whom they are now negotiating. Sales from the park totalled $230m last year, a growth of 150 per cent over 1983.

Taiwan's manufacturers have so far paid little attention to operating system and applications software for sale overseas, although the National Science Council and a quasi-governmental think-tank recently introduced an advanced workstation operating system and many smaller companies sell applications programmes on the local market.

But Taiwanese companies excel in firmware, micro-circuits designed for special purposes — such as "speaking car" instruments. Planners are hoping that major software and firmware houses will consider Taiwan as an overseas development and support base in these areas.

Non-traditional sources of funding for new hi-tech ventures are emerging which should also help to spur research development. H. Chappell Company, a U.S. venture capital company with affiliates in the UK and Australia, recently formed a joint venture with a Taiwanese cable and wire producer to relocate hi-tech companies to Taiwan

Sri Lanka steps up security after ethnic violence

THE Sri Lankan Government stepped up security throughout Sri Lanka yesterday in an attempt to prevent the two main ethnic groups mounting reprisal attacks after two days of violence in which more than 220 people were slaughtered, Reuter reports from Colombo.

Officials said security forces were on special alert and patrols were intensified at vulnerable places in Colombo, but tension between the two communities was still very high. Nearly 50 Tamils were killed yesterday and many injured when an armed gang attacked a ferry sailing between two islands in north Sri Lanka.

India plans gun law

India announced plans yesterday for tougher gun control laws as police in New Delhi stepped up their search for the mastermind behind an extremist bombing campaign which killed 86 people last weekend, Reuter reports from New Delhi.

Islamic Jihad threat

Islamic Jihad, a shadowy fundamentalist group believed to be holding at least seven westerners hostage, yesterday said "the consequences will be catastrophic" if alleged bombers held in Kuwait are not freed, AP reports from Beirut.

Israel/Egypt Taba talks 'make progress'

By Tony Walker in Cairo

ISRAELI AND Egyptian officials yesterday reported progress in talks here aimed at resolving a territorial dispute and other differences.

The talks, at the historic Mena House Hotel, near the Pyramids, are the most significant contact between the two countries since Israel's invasion of Lebanon in June 1982.

Mr David Kimche, chief spokesman of the Israeli delegation, said yesterday that "a great deal of progress was made."

The talks began on Wednesday. An Israeli source said it was most likely a package deal would be agreed between the two sides under which Israel would accept arbitration over a tiny disputed strip of land in the Sinai known as Taba.

In return, Egypt would send its ambassador, withdrawn in protest at Israel's Lebanon invasion, back to Tel Aviv and facilitate improved trade and tourism links.

Egypt wants its territorial dispute with Israel to go to arbitration if it cannot be resolved by conciliation and has indicated it would accept American adjudication.

The Israelis are saying the talks may continue on Sunday after a two-day break.

IMF under attack from African bankers

BY MARY ANNE FITZGERALD IN NAIROBI

AFRICAN bankers have accused the International Monetary Fund and the World Bank of being unsympathetic in their approach to the continent's deepening economic crisis. Governors and their deputies from the 34-state Association of African Central Banks called for a substantial increase in credits from the two multilateral agencies when they met with ranking IMF and World Bank officials this week in Nairobi.

Africa, they said, will not be able to escape from its treadmill of mass poverty without huge injections of cash allocated on greatly eased terms.

The symposium was initiated by the IMF vindicate the fund's often-criticised strategies for economic reform. IMF officials said privately that it was intended as a public relations exercise to brighten an image that has become tarnished by stormy relationships with several of its 15 African beneficiaries. But it is understood that the closed-door conference did little to quell growing hostility among many African states.

"Africa is currently in a dangerous economic crisis whose real severity, dimensions and social and political consequences are not fully appreciated . . . not even in Africa itself," Kenya's central bank governor Mr Philip Ndegwa warned.

Mr Ndegwa cited a list of economic woes such as spiralling populations, drought, desertification and shortcomings in domestic policies as some of the root causes for the economic recession that has beset sub-Saharan Africa throughout the 1980s. The continent has seen virtually no improvement in per capita incomes over the last two decades, he said.

Many African states fear the reform programmes that accompany IMF credits, for example the hefty devaluations and the removal of certain food subsidies in the Sudan which sparked off the overthrow of former President Jaffar Numeiri. Tanzania, one of Africa's poorest nations, has been at loggerheads with the IMF since their facility was frozen in December 1980 because it refuses to implement a substantial devaluation. The Tanzania shilling was devalued by 26 per cent last year but the Fund is calling for further reductions in its worth.

Last month Ugandan President Milton Obote ruled out the option of a new IMF agreement to resuscitate Uganda's beleaguered economy. Mr Obote is fearful of the political consequences given that the country is preparing for general elections

Africa's rapidly mounting external indebtedness, now at $158bn (£125.3bn) is a matter of concern. Even though it has not yet attained the astronomical figures of Latin America's debt, servicing of loans accounts for a quarter of foreign exchange earnings and blocks opportunities for economic recovery.

The IMF has lent Africa $4.5bn since 1981. Gross capital flows from commercial and other concessionary sources are $13bn but only about $5bn of this can be used because the rest goes towards paying back previous loans. African bankers say that no progress can be achieved unless some of this debt can be deferred.

The World Food Programme, which is responsible for getting emergency food supplies to African countries facing drought and famine, has for the moment abandoned efforts to persuade the Nigerian Government to let it send food for Chad through the port of Lagos, James Buxton writes from Rome.

It has, however, succeeded in developing an alternative route through neighbouring Cameroun so that it can handle almost as much food as was being channelled through Nigeria.

Reagan's plans for tax reform run into trouble

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan's tax reform package will not lose momentum because of the delay in its presentation, Mr Larry Speakes, the White House spokesman said yesterday amid signs the Administration faces serious problems resolving major outstanding issues.

On Wednesday, after settling several of the broad outlines of his ambitious tax reform scheme, President Reagan disclosed that the Administration would delay the public launch of the plan until May 28.

Administration officials said the delay followed pleas from Republican congressmen to the President to wait until clearer progress had been made in the House of Representatives on the budget.

But as the White House firms up the details of the plan, it appears to be having difficulty in reconciling conflicts between its political and economic goals.

Mr Dan Rostenkowski, the Democratic chairman of the House Ways and Means Committee, and a supporter of tax reform said delay would sap the cause of tax reform and raise doubts about the President's nerve.

One problem is that in order to lower individual tax rates the tax burden has to be shifted towards the corporate sector.

But big companies are saying that with industry labouring under the weight of an overvalued dollar and international competitive pressures which have resulted in a $123bn trade deficit, the failure of the tax reform plan to take into account the international repercussions of the shift in the tax burden to the company sector is a fatal flaw in the reform proposal.

The White House however, sees tax reform and the big reduction in the tax rates for individuals as the highest domestic political priority of the President's second term. Republican political strategists hope the reform plan will be so popular that it will help transform the Republican party into the natural majority party in the U.S. for the rest of the century.

White House officials say it has been agreed that the number of tax bands for individuals will be cut to three rates—15, 25 and 35 per cent. The level of automatic personal tax deduction, and how the planned increase in the personal exemption should be phased in still remains unresolved.

The President has also approved a reduction from 20 to 17.5 per cent in the top rate of capital gains tax. The Administration is still sorting out some key questions such as whether a minimum corporation tax should be part of the package—there is still support for a minimum corporation tax on Capitol Hill—and whether tax breaks should be included or eliminated for certain industries, in particular the oil and gas industry.

The new launch date comes when Congress is out of session and the President will be able to command maximum public attention for the proposal.

Dole hits at Democrats' budget proposals

By Our U.S. Economics Correspondent

MR ROBERT DOLE, the Senate majority leader yesterday lashed out at the Democratic Party's proposed budget resolution calling it "smoke and mirrors." He said it fell $100bn short of the $300bn in deficit reductions needed over the next three years.

As the Democrat-controlled House budget committee continued yesterday to wrangle over the shape of a deficit reduction plan after an unusual secret mission on Wednesday night, Mr Dole a Republican, claimed: "The preliminary indication is that they really do not want to cut the deficit over there they want to play politics": Mr Thomas P. O'Neill, the house speaker, said: "I do not think there is a heck of a lot of difference between our two proposals."

Mr O'Neill's comments glossed over the fact that the House and the Senate seem to be drawing up budget resolutions which, in political terms, will be diametrically opposed on issues such as social security and defence spending.

House Democrats want to cut deeper into defence spending, eliminate cuts the Senate proposed in old age pensions and reduce the number of programme eliminations called for in the Senate version.

The disparity between the Senate budget resolution and the thrust of what the House is now deliberating raises the prospect of a fierce tussle over the final shape of the congressional budget resolution. A conference committee of the two Houses will eventually have to decide the issue.

Sarney wins 7 out of 10 for trying, **Andrew Whitley** and **Ann Charters** report

Brazilian leader inches towards popularity

THREE WEEKS after the death of Sr Tancredo Neves, Brazil's late civilian President-elect, his successor, Sr Jose Sarney, is beginning to find his feet, albeit gingerly.

A modern equivalent of Ethelred the Unready, the 10th century Saxon king of England, President Sarney seems to have done quite well so far, but hanging over his every action is the memory of his predecessor, who has now become Brazil's martyr to democracy.

In death, Sr Neves has achieved a level of veneration he never had in life. His words are quoted regularly, as the tabernacles of the "New Republic" he had proclaimed. His grave has become a place of pilgrimage, and the many religious Brazilians pray to the soul of their dead leader.

But the widespread hunger for open government is working in his successor's favour. After two decades of military/technocratic rule, the country wants to be consulted on what, by common consent, are the grave economic challenges it faces.

"If he goes on like this he'll be all right," said Maria Angelica Marques do Santos, a 27-year old nursemaid. "It's important that he's taken the people into his confidence."

Milton Aurelio da Cruz, a waiter at a busy Rio lunchtime restaurant, agrees that the patently unprepared new President is trying hard and should be given time. Like many lower income Brazilians, he is surprisingly vehement about the strike wave which has hit the country.

In the shadow of his predecessor: Sr Sarney travels to the late Sr Neves's funeral with his widow.

Quite unexpectedly, a groundswell of public support has built-up around Sr Sarney. He is even becoming popular: a phenomenon which has surprised, and visibly gratified, a man with few illusions about his image, because of his record as a loyal servant of the military.

Visiting Rio de Janeiro last week, on his first official visit to the country's second city since taking office, the President was greeted warmly

If a "clapometer" of the kind once used on BBC TV's "Top of the Pops" had been switched on at the memorial to the Second War dead, where he officiated at the 40th anniversary celebrations, Sr Sarney would certainly have got seven out of 10.

The 55-year-old politician from the political wilderness of Maranhao has, without doubt, had a hot baptism. After eight, reportedly agonising, weeks as the stand-in, his formal accession to the Presidency coincided with an outbreak of labour unrest on a scale and intensity unseen since the 1984 military coup.

Public sympathy for the strikers has been split. Many of those in Sao Paulo, the heart of the agitation, are already among the best paid workers in the country. Others, although badly paid, are in public services such as health, education and transportation, where disruption has caused much annoyance.

In Sao Paulo, when striking bus drivers returned to their routes a few days ago, they were greeted by angry passengers who had lost wages because they were unable to get to their jobs. The anger turned to despair when the municipality announced a near doubling of fares to pay for the wage increases granted to the strikers.

A typical reaction was that of Sueli Correa, a 45-year-old cleaning woman. She and her husband together take a total of eight buses a day to get to work and back, and the increases have bitten hard into take-home pay. "What good does it do to get a little bit ahead one day, only to lose it the next?" she complained.

With the annual rate of inflation running at over 230 per cent, and statutory pay rises coming only at six-monthly intervals, the "robbery effect" of inflation, as one increase spawns another, is a daily fact of life.

Quarterly wage adjustments have thus become the central battleground for the best organised workers, such as the Sao Paulo metalworkers. The Government has drawn the line against giving in, terrified about the multiplier effect.

For those metalworkers on the picket lines in the sprawling industrial townships of greater Sao Paulo, the hard ships of the past month have apparently been worthwhile. Rosa Ferreira de Oliviera an unmaried woman of 27, reminds her colleagues of how far their union has come since the "disorganised mess" they were in 1979.

As pay day drew closer, more than half her colleagues had capitulated and returned to their jobs in a subsidiary of the British company Lucas, but with her father's pension and her brother's pay cheque, Rosa can afford to hang on to her principles.

A hundred yards down the road from the union meeting hall, a subdued group of 40 unemployed men have been waiting outside the gates of a plastics company since early morning, on the off chance of jobs. They seem also to hope that Sr Sarney wil be different from his military predecessors.

As a first step, the President recently announced on television a doubling of the Government-set minimum wage, to the equivalent of $66 a month. Up to 40 per cent of working Brazilians earn the minimum wage or less—by comparison the metalworker's average monthly pay of $360 is princely.

Despite the close links between their union and the left-wing Workers' Party, many of the striking metalworkers feel that politics do not enter into their fight. They argue that only when the President is directly elected by the people—as opposed to the electoral college which brought Srs Neves and Sarney to power—is there hope for change from the Government. Until then, the struggle for better working conditions depends upon industrial muscle.

Nevertheless, it is clear that the traumas of the very recent past, are already fading fast from public memory. Visitors to Brazil are amazed at how quickly the President-elect is being consigned to the history books.

With their usual strong streak of pragmatism, thinking Brazilians are even beginning to say that, under the circumstances of the impossibly high expectations surrounding his take-over from the military, it was perhaps better that Sr Neves had died.

Senate approves $14.9bn foreign aid package

THE HOUSE of Represenatives yesterday began debate on its version of a 1986 Foreign Aid Bill following Senate approval of a $14.9bn foreign aid authorisation package

The Senate included in its Bill a non-binding resolution sponsored by Senator Bill Bradley calling on the Administration and the Federal Reserve Board to begin concerted international intervention in the foreign exchange markets aimed at gradually reducing reducing the value of the dollar and improving the competitiveness of U.S. industry.

The Senate's approval by 75-19 of the Foreign Aid Bill was the first time since 1981 that it had approved a separate Foreign Aid Bill. This was helped by a successful move by the committee chairman, Mr Richard Lugar, to strip out contentious amendments including any proposal to attach a provision calling for humanitarian aid for Contra rebels in Nicaragua.

Housing starts rise by 1.6%

U.S. housing starts increased 1.6 per cent in April to a seasonally adjusted annual rate of 1.91m units, the highest level in a year, the Commerce Department said yesterday. In March the construction pace of new houses and apartments increased 14.3 per cent to 1.88m units, Reuter reports from Washington.

The April rate was the highest since April 1984, when the building pace was 1.95m units. Last month's rate was down 1.8 per cent from April 1984.

Honduras to disarm Contras

BY TIM COONE IN MANAGUA

THE HONDURAN government is to begin disarming the U.S.-backed Nicaraguan guerrillas, the Contras, based on its territory.

The decision was taken on Tuesday night by the country's Security Council. "Honduras does not want a warlike conflagration in Central America," said the Minister of the Presidency, Sr Ubodora Arriaga. "These people should not go around armed on our territory."

The announcement follows a Nicaraguan proposal to Honduras at the weekend to organise joint military operations in the frontier zone to disarm the Contras and to move them away from the border.

Honduras has been the principal supply route and rearguard for the Contras since the CIA began organising the Nicaraguan counter-revolutionary forces in 1980. Until now, Honduras has been ambivalent towards the Contras, but has become increasingly worried about their destabilising effect, and the Contras' military failure in Nicaragua.

The Nicaraguan vice-president, Dr Sergio Ramirez, says there are more than 4,000 Contras in southern Honduras, having fled from Nicaragua after a sustained government offensive.

According to one Western diplomat in Managua, the principal guerrilla base in Honduras at Las Vegas, located around 100 km east of the town of Danli, has been occupied by Honduran troops, although this was not confirmed or denied by the Honduran Ministries of Defence and Foreign Relations.

● Sr Daniel Ortega, the Nicaraguan leader, told Finnish political leaders yesterday that friends of both Nicaragua and the U.S. could help smooth bad relations between the two countries,

He welcomed the EEC's decision Wednesday to double aid to Latin America as an "important sign of trying to improve the situation by peaceful means."

IDB and World Bank in $105m flood loan for Brazil

BY ANDREW WHITLEY IN RIO DE JANEIRO

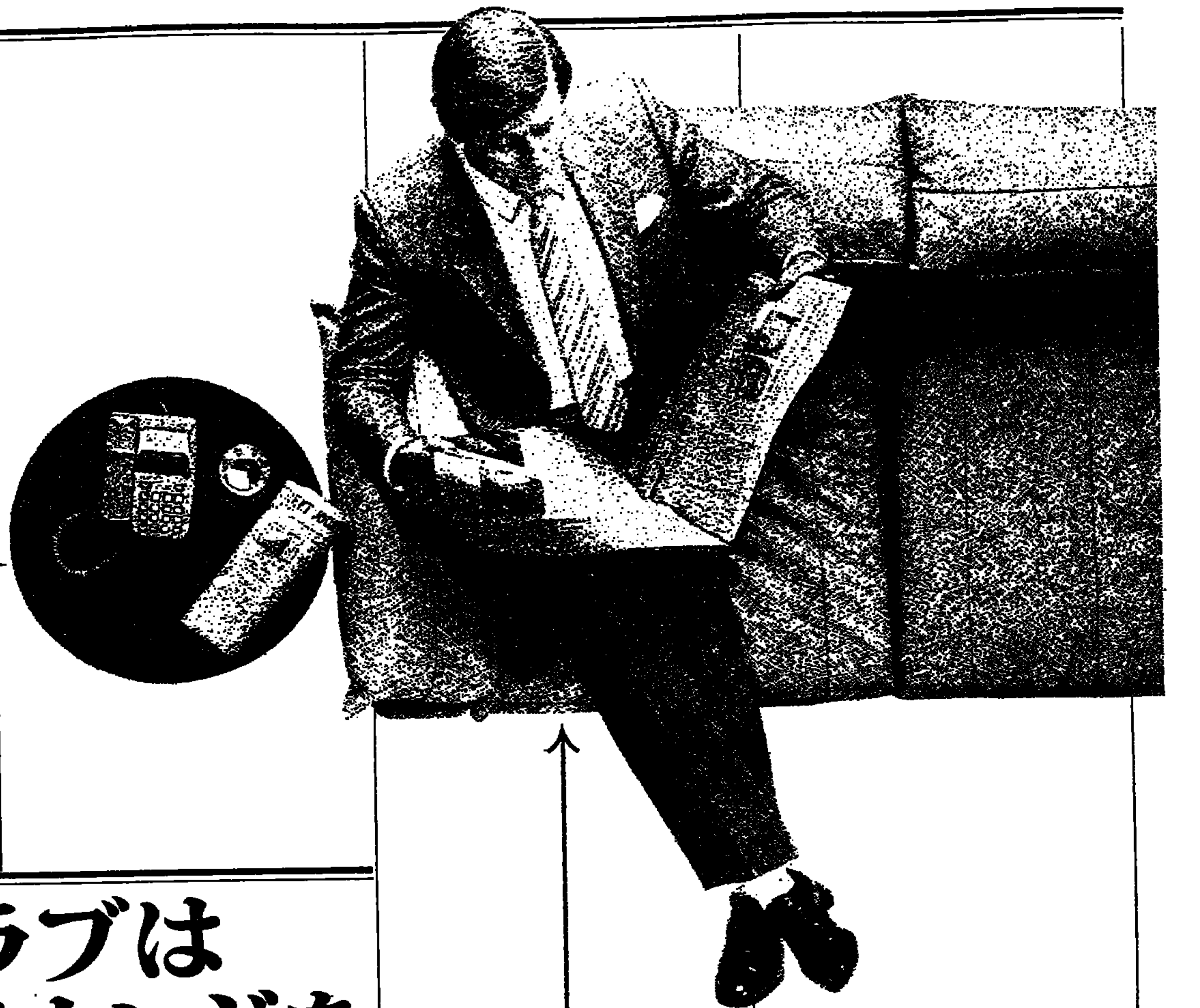
THE World Bank and the Inter-American Development Bank (IDB) are putting together a $105m (£84m) emergency loan programme for north-east Brazil, where nearly a million people have been made homeless by three months of torrential rains and floods.

This year's downpour follows five successive years of almost unbroken drought in the north east, the poorest and most backward region of the country. The floods have washed away many of the small earth dams and reservoirs built during the drought as part of a massive relief effort mounted by the Government.

A World Bank team visited the worst-hit parts of the region, particularly Ceara State last month. The bank is expected to announce soon that $55m will be allocated to the rehabilitation of urban areas and repair of damaged or washed-away main roads.

The IDB has allocated $50m for the reconstruction of rural feeder roads and agricultural civil works.

Funds for the emergency programme being put together by the two multilateral institutions are to be diverted from other cancelled loans allocated to Brazil.



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Setback for EEC in petroleum products talks with Japanese

BY JUREK MARTIN IN TOKYO

THE EUROPEAN Community appears to have failed in its initial attempt to persuade Japan to commit itself to buying a substantial share of the petroleum products now coming on stream from the new refineries in the Gulf oil-producing nations.

Mr Christopher Audland, EEC-Director General for Energy, said here yesterday after talks this week with government and private-sector representatives, that the official *Japanese position conveyed* to him would not satisfy the EEC Energy Ministers, who are next due to meet on June 20, though he declined to divulge details.

However, Mr Audland, who is moving on to Washington to ask the U.S. to share part of the buying load, hoped that further *planned talks with Japan* in the weeks ahead might prove more fruitful. Japan and Saudi Arabia are currently exchanging views on the subject.

Failure to achieve a tripartite meeting of the minds would, he warned, lead to "disputations" at the minsterial meeting of the *International Energy* Agency, due to be convened on July 9.

Mr Audland emphasised the EEC view that the estimated 50m tons a year of new petroleum products (fuel oil, disel, gasoline, etc) from Gulf refineries could be absorbed by the major industrialised nations, despite the problems of their own refining industries, if the Community, the U.S. and Japan equitably *shared* the load.

The three regions, he said, now consume 1,270 tons of petrol products a year. The EEC Energy Ministers had in March accepted a report that the Community could probably take in as much as 20m tons a year without grave damage to its own troubled refining industry, but he added that the EEC had no specific burden-sharing *formula in* mind.

The Japanese Government is now embarked on a wide-ranging review of its complex existing policies on energy imports.

Dominic Lawson adds: In a recent communication to Ministers, the European Commission warned that "above all, Japan, in view of its present policy" should open its markets to the new wave of Middle Eastern products.

Otherwise, it warned, there could be a "bidding up of protectionist measures damaging to all concerned."

Independent refiners in the U.S., and also some oil majors such as Texaco and Amoco, are currently lobbying the U.S. Administration to erect some *barriers against the Middle East* export drive. But this campaign is thought unlikely to succeed.

Purvin and Gertz, a leading oil consultancy which advises the industry on world refining, said yesterday that Europe should not exaggerate the importance of the Japanese intransigence.

It argued that "there is still a big market in the East to soak up *the Middle Eastern* products."

Pepsico set to operate plant in the Punjab

By John Elliott and Dina Thomson in New Delhi

PEPSICO will operate a fruit juice factory in the Punjab near India's north-western border with Pakistan later this year if the Government gives the go-ahead to a plan for selling Pepsi Cola in India and exporting fruit products.

After months of research and informal government contacts, Pepsi Cola submitted a formal application at the end of last month for a joint venture with Duncans Enterprises of Calcutta, owned by the R. P. Goenke family, to promote drinks and fruit processing companies around India.

Voltas, part of the Tata group of companies, will be involved in some of the projects.

Coca Cola is believed to be having exploratory talks with Modern Bakeries, a public sector company in New Delhi, and with United Breweries, a South Indian company owned by the Mallya family.

Pepsi pulled out of India in 1962 for uncontroversial commercial reasons, but Coca Cola left in 1977 after a battle with the Indian Government over foreign investment restrictions.

Both companies now want to come back to India to cash in on the country's rapidly expanding consumer market.

In a recent interview Mr Rajiv Gandhi, India's Prime Minister, indicated he was sceptical about *the plans.* "*We have* Thumbs Up, Campa Cola, 77, and millions of others," he said, naming Indian-made brands.

However, he added: "If they are willing to come in with no foreign exchange component, they are most welcome."

Malta pushes for deals with West

BY GODFREY GRIMA IN VALLETTA

DR CARMELO Mifsud Bonnici, Malta's Prime Minister of five months, is pushing for economic and co-operation treaties to be signed with Italy and the U.S.

These would raise the flow of industrial investments to Malta, increase exports and curb unemployment which is now *running at a disconcerting* 10 to 12 per cent.

Premier Mifsud Bonnici believes formal bilateral trade and economic arrangements with Italy will balance the countertrade agreements Malta shares with the Soviet Union and Libya.

Last year the Soviet Union spent M£8.9m (£14.9m) on Maltese garments, shoes and shiprepair work. By April this year, the figure had already climbed to M£9.4m. A three-year $265m trade reciprocity accord covered further Soviet orders for eight timber carriers now being built at Malta's new shipbuilding yard in Marsa.

Next year, according to Dr Mifsud Bonnici, Malta plans to negotiate a new wider-based countertrade deal with the Soviet Union with its sights set on increased orders for ships, ship-repair and locally assembled products.

Libyan purchases in 1984 reached M£16m, reflecting sales by factories producing switchgear, plastic products, and water pumps jointly owned by Libyan Maltese, Italian and British interests.

Maltese companies producing textiles medical products, shoes and electrical goods benefit from Malta's countertrade deal with Libya.

In *exchange, Malta* buys oil, coal and cars from the Soviet Union and crude from Libya.

Treaties with Italy and the U.S. would help *to* stabilise trade, the Prime Minister insists.

Agreement with Italy is in prospect. Legislation is being taken through the Italian parliament to extend the fiscal incentives available in the Mezzogiorno to Italians setting up industry in Malta.

Malta's new Prime Minister may have to shift further from the strategies adopted by Mr Dom Mintoff, his more volatile predecessor. His conciliatory stance has inserted a friendlier tone in discussions with Britain, Italy, France and the EEC over trade imbalances.

Italy may also shoulder the cost of up-dating Malta's underground water distribution network and finance the expansion of water distillation plants.

The U.S. Government is harder to convince. Countertrade agreements of the type Malta has negotiated with the Soviet Union are not standard practice with the U.S. government. However, the two nations have normal trade relations.

"The treaty we are suggesting differs from the trade reciprocity deals we have with other countries. The Italian Government has offered to lobby the Americans for a more sympathetic reaction.

"I'm quite optimistic. These treaties will ensure our continued neutrality" Dr Mifsud Bonnici told the Financial Times this week.

The benefits to Malta would include *financial and technical* assistance for infrastructure development. The deals are aimed at bringing in fresh Italian and American investments and so create *jobs.*

Malta's attractions as an industrial base include its proximity to European and North African markets—benefits which emanate from its association accord with the EEC, and the attraction of vast markets, China included, accessible by virtue of close political relations.

Dr Mifsud Bonnici would prefer to negotiate directly with the U.S. Government, if only to generate confidence. Malta suspects the U.S. of conducting an unofficial boyott on investments.

Private American ventures enthusiastically discussed with the Maltese authorities, including plans by Sikorsky to assemble helicopters here, seem to be lying fallow. The Americans deny this.

The flow of industrial investments from Europe could have been impeded by misconceived judgments about Malta's growing affinities with the Soviet Union, Eastern Europe, Libya, China and North Korea, the Maltese premier complains.

Treaties with Italy and the U.S. would, he added, help to remove such misconceptions about his Government's international policies.

To achieve his goal, the new Maltese Premier may have to shift farther *from* the strategies adopted by his more volatile predecessor, Mr Dom Mintoff, who resigned last December. His conciliatory stance has already brought a friendlier tone in discussions with Britain, Italy, France and the EEC over trade imbalances.

Italy last year netted a M£82m (£136.9m) trade surplus, and the figure was fast rising in October last year when Mr Mintoff slapped a ban on Italian imports.

Britain's trade imbalances with Malta are set against a backdrop of a considerable contribution to Maltese tourism.

France's surplus last year stood at M£9m (£15m). Malta, in 1984, ran up a swingeing *M£116m (£192m)* visible trade deficit in dealing with Britain, Italy and France.

Still, the three countries could prove worthwhile allies for Malta at the EEC with which Malta's differences over a second financial aid package linger unresolved.

Three years ago, the EEC Commission proposed a Ecu 35m financial package for Malta consisting of Ecu 10m in European Investment Bank (EIB) loans at commercial rates, Ecu 10m in soft loans and Ecu 15m in grants.

Community ministers instead came up with an inferior offer made up of Ecu 15m in EIB loans, Ecu 3m in soft loans, and Ecu 9m in grants.

In May last year, the European Parliament overturned the ministers' proposal in favour of that made by the Commission. The decision, purely on budget considerations, remained shelved.

Impresit wins Lagos irrigation contract

By James Buxton in Rome

IMPRESIT, the construction subsidiary of the iFat group, has won a L270bn (£100m) contract to build an irrigation project in the far north of Nigeria.

The project, at Jibiya, in the state of Katsina, is designed to trap the short annual rains behind a dam and use the water to irrigate 3,500 hectares.

It will also supply drinking dater to villages in the area.

A dam will be built on the river Gada and a network of irigation canals installed, as well as a drinking-water treatment plant.

The project will be funded mainly by the Nigerian Federal Government, but Impresit has been asked to secure export credits for the goods and services which will be supplied from Italy, to a value of about L100bn. The credit will be guaranteed by the Nigerian Government.

Impresit hs constructed two other agricultural projects based on dams in northern Nigeria, one at Bakolori and the other at Goronyo, both in Sokoto state.

Bid for united front to fight protectionism

By Quentin Peel in Brussels

REPRESENTATIVES of Britain's export services sector, including banks, insurance companies and technical consultants, are seeking to promote a common front with their EEC counterparts on measures needed to counteract growing international protectionism.

Their plan is to draw up an agenda of requirements for the negotiations on trade-in-services within the planned new round of the General Agreement on Tariffs and Trade (Gatt).

The first move was made this week by the British committee for Liberalisation of Trade in Services (Lotis), part of the British Invisible Exports Council, at a meeting in *Brussels* with representatives from eight other EEC member states (the absentee being Greece).

All the participants agreed to draw up a list of obstacles to trade-in-services for further talks.

Marubeni-Vittel link-up

BY CARLA RAPOPORT IN TOKYO

MARUBENI, one of Japan's leading trading companies, has linked with Vittel, the French mineral water group, in order to capitalise on the booming Japanese market for mineral water.

Marubeni yesterday refused to disclose the size of the deal, *but bluntly* admitted that the venture would be a money-loser for the group.

"We are searching to offset the balance of trade surplus in Japan. The price for this mineral water is not competitive, so we will have to sacrifice profits for two or three years," a Marubeni spokesman said.

Marubeni, currently test-marketing the French product, hopes to step up its imports markedly within the next few months. It also hopes to produce the product locally, under licence from the French *group, within the next few* years.

Further, Marubeni is looking into the possibility of purchasing sports equipment from the French group with the idea of establishing European - style health farms in Japan.

Consortia chosen for Thai expressway

The state-run Expressway and Road Transit Authority of Thailand yesterday named six groups of companies as bidders for a consultancy contract for Bangkok's 12bn baht (£343.3m) second-stage express-way project, writes Boonsong K'Thana *in Bangkok.*

The groups inclde Britain's Freeman Fox and Partners, Maunsell of the UK, Transroute of France, Cowiconsult of Denmark, and Sevendrup and Parcel and Associates of the U.S.

Panther seeks dealers in U.S.

BY JOHN GRIFFITHS

Panther, the South-Korean-owned but Surrey-based specialist cars producer, has set up a North American distribution company, Panther Car Company of North America, and is to start exporting its Kallista models to the U.S. at the *end of next month.*

It has acquired a distribution and preparation centre formerly operated by another UK specialist cars producers, TVR, in Jacksonville, Florida.

A formal dealer recruitment campaign will not open until next week, Panther's chairman, Mr Young C. Kim, said yesterday that Panther had appointed three dealers, in Jacksonville, Chicago and Los Angeles, out of 47 that had already made applications.

Mr Kim said that despite even *the initial dealers' request* for supplies of 42 vehicles a month, which would account for most of the Byfleet company's output, Panther would be unlikely to supply more than 200 Kallistas to the U.S. this year.

The cars, two-seaters reminiscent of the 1930s, will retail for between $18,000 (£15,000) and $25,000.

The move into the U.S. has led to severe production cuts and, says Mr Kim, explains the steep fall in sales recorded by Panther in the UK so far this *year.*

The explanation offered by Mr Kim is that assembly has been virtually halted since February while Panther undertakes major re-engineering of the Kallista for the U.S.

Philips in Czech deal

By Leslie Colitt in Berlin

PHILIPS, the Dutch electricals group has concluded an agreement with Tesla, the Czechoslovak group, to deliver compact disc players and video recorders to Czechoslovakia this year.

Philips said Tesla was expected to begin assembling the Philips 2000 video recorder and its CD player over the next five years.

The Czechoslovak consumer *electronic industry is attempting* to make up for years of neglect by concluding co-operation agreements

Coal mine supervisors start ban on overtime

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITAIN'S coal industry was plunged into fresh industrial action last night, two months after the end of the year-long miners' strike. Leaders of the pit deputies (supervisors) instituted an immediate ban on overtime after a 3-2 vote by the union's members in favour of the action.

The ban, which was immediately attacked by the National Coal Board (NCB), came amid indications from the coalfields that management might start to send deputies home next week and as the board announced the closure and merging of a number of pits in Yorkshire, with the loss of 3,000 jobs.

Officials of the deputies' union, Nacods, issued instructions for the ban when a ballot showed 7,821 Nacods members, or 60.7 per cent of those voting, in favour of the action, with 5,059, or 38.3 per cent against. There was a high turnout of about 80 per cent.

Although the NCB acknowledged it was "seriously distressed" by the deputies' ban, it doubted whether it would have the impact claimed for it by some Nacods leaders of cutting production by about a third.

Nacods members will not refuse to supervise members of the National Union of Mineworkers (NUM) who are working overtime, but they will not work overtime themselves – principally at weekends. This could hit maintenance work, which would have a cumulative effect on production.

Nacods members reported that, after the announcement of the ballot result, the board had sent out a hard-line notice to managers on how to respond to the ban.

The deputies said that managers were being told to draw up rosters for five-day working spread over seven days, including the weekend.

The National Coal board's accounts for the year of the pit strike will show a deficit of about £2.2bn, some £350m more than the previous estimate, Mr David Hunt, Energy Minister, said yesterday.

Speaking in the committee stage of the Coal Industry Bill, he said the additional £350m represented the further production losses caused by the strike in the present financial year but which, on auditors' advice, would be included in the results for 1984-85, to be published in July.

The Bill will also ask parliament for more than £2bn in deficit grant to the board, of which £1.2bn would be for 1984-85 and some £800m for the two subsequent financial years.

Mr Hunt also disclosed that the Board's requirement for external financing had risen to £1.72bn.

Staff refusing to work at the weekends would be sent home.

The board feels that to refuse to work rostered hours, whether at a weekend or not, would amount to a breach of contract. But Mr Peter NcNestry, Nacods general secretary, described the threatened response as "throwing down the gauntlet."

The ban is over what the union see as an erosion of the agreement reached last October between the board and the union that all projected colliery closures would go through a new review procedure.

Mr McNestry said that the board had told the union this week that its agreement was "no longer absolute" – despite assurances from the Prime Minister, other ministers and the board that the agreement was "sacrosanct." He said the board was now "totally dishonourable."

The NCB said that the ban was "unnecessary" because the "confusion" under which the ballot had been called had now been cleared up. However, the board immediately cancelled a meeting due to take place today with all three unions in the industry, at which it was thought the new review procedure might be finally established.

No further talks will take place on the issue while the ban is in force. Mr McNestry said that, in taking this action, the board was treating Nacods differently from the NUM, to which it had talked throughout the miners' strike.

The Nacods action came as Mr Frank Ramsden, acting director of the Barnsley, Yorkshire, area of the NCB, announced a "streamlining" of production in the area. This would be part of a £430m reconstruction, due to be completed within 10 months, and based on extended underground interconnections between pits and coal handling on the surface at only three points.

The impact of the changes – one of a series of area reviews which will all be announced before the end of the month – will be the loss of about 3,000 jobs.

These will all be achieved through voluntary redundancy, according to the board. It has already accepted 1,500 applications for redundancy in the area and has another 2,000 pending.

Planned production under the new arrangements will be 7.8m tonnes, using 10,100 men, compared with 8m tonnes and about 15,000 men in the last full year before the strike, which ended in March.

Under the reconstruction, the Woolley pit, at which Mr Arthur Scargill, the NUM president, used to work, will be merged with another mine.

Leon Brittan: rights of free speech protected

Wider law planned for police

By Margaret Van Hattem

THE GOVERNMENT'S White Paper (policy document) on Public Order threatens to turn the civil law into the criminal law, "forcing the police into a political role not of their choosing," Mr Gerald Kaufman, shadow Home Secretary, said yesterday.

The proposals outlined by Mr Leon Brittan, Home Secretary, represented a "dangerous" new turning, undermining the basis of democratic dissent, he told the House of Commons.

Mr Brittan, however, insisted that events during the miners' strike demonstrated that Mr Kaufman was living in an unreal world. He was warmly supported by Tory MPs when he insisted that the White Paper was a moderate one, carefully supporting the rights to free speech and free assembly with the right to protection from being bullied, hurt or intimidated.

The main proposals include:

- New police powers to determine the size, place and duration of open air assemblies, including football matches and pickets.
- Wider police powers to impose conditions on marches and processions.
- A compulsory seven days' notice to be given to police concerning marches and processions.
- Power of arrest and increased penalties for intimidation.
- The offence of intimidation or "threatening behaviour" to apply to private as well as public places.
- Replacement of the common law offences of riot, rout, unlawful assembly and affray with four new statutory offences – riot, violent disorder, affray and threatening behaviour.

The paper proposed that the new police powers to impose conditions on static assemblies, as well as the expanded powers over marches and processions, should be subject to appeal in the courts.

Editorial comment, Page 22

BT's success stifles competitive hopes

BY JASON CRISP

THE GOVERNMENT'S great hopes for a thriving and competitive telecommunications equipment market do not look likely to materialise in the way it intended. One of the first detailed studies of the UK market shows that British Telecom (BT) has already captured the lion's share and demand is likely to fall significantly over the next two years.

The study, commissioned by some of the leading companies in the industry, shows that BT has been so effective in shipping new products that it has nearly succeeded in crowding out the competition for several years. This is particularly true in private telephone exchanges, known as PABXs or key systems depending on their size.

According to MZA, a firm of marketing consultants, almost 70 per cent of private exchanges in the UK have been replaced in the last four years. Some 90 per cent of them were supplied by BT.

Private exchanges are particularly important as they account for 58 per cent of the total equipment market at the moment. BT has succeeded for four reasons:

- The British market was severely starved by BT – then the Post Office – of modern small exchanges using electronics technology until 1981.
- The Government phased the liberalisation process to protect the British manufacturers and give them time to develop new products. Sophisticated equipment like PABXs is the last area to be liberalised.
- The mechanics of the liberalisation process has been inadequate. In particular there have been substantial delays in writing technical standards and approving products.
- BT has responded to the threat of competition with such speed and aggression that it has surprised everyone.

Ironically, the only part of this sector where there is not a high proportion of recently replaced products is for exchanges of more than 100 lines – the one area where BT did not have a monopoly and until recently did not offer any products.

The result of BT's success in private exchange business under 100 lines – which is the largest part of the market – is that there will only be thin pickings for those new companies just entering the market. According to MZA, demand for private exchanges and key systems will fall from £216m in the year ending March 1985 to just £59m in three years' time.

Even though it expects there will be a strong growth in new areas such as cellular radio mobile telephones and radio pagers (bleepers), the overall UK telecommunications equipment market is going to fall.

If MAZ's prediction is correct, the British market will be considerably oversupplied. Competition started in the key system market about a year ago in a limited manner, and there is now a host of new products arriving on the market.

Companies range from small British ones such as Small Systems Engineering, traditional suppliers like GEC and Plessey and foreign-owned companies such as Tie Communications and Matsushita.

The number of small PABXs (typically between 10 and 100 extensions) available at the moment other than from BT is still very small. Indeed, three of these are made by Mitel of Canada, in which BT is acquiring a majority stake. Another 14 exchanges are likely to come on to the market as a result of Government measures to speed up the approvals process.

These include products from Mitel and Northern Telecom from Canada, Rolm and Harris of the U.S. and NEC of Japan.

They will all be faced with the problem of gathering the crumbs that have dropped from BT's table. As PABXs can be expected to last at least eight years, it will be some time before a replacement market develops. Their best hope is that demand develops for more sophisticated exchanges which can handle data communications efficiently.

BT's grip on the telephone handset market – one of the first products to be liberalised – is still very strong but is likely to slip from 82 per cent now to only 59 per cent in 1987-88 according to MZA.

The overall demand for telephones is also likely to remain fairly strong, with the study predicting that the present level of annual sales of 5.3m units will rise to 5.6m in three years.

The study is optimistic about the potential of cellular radio mobile telephones – the new service which only started in January this year. It predicts the cellular radio equipment market will be worth £50m a year by 1987-88 although this is based on a significantly lower expectation of the market than the one made by Racal, one of the two system providers.

The radio paging business in the UK is comparatively small but is expected almost to double in the next three years. MZA expects the main growth will come from the wide area bleepers rather than one which just works on a single site such as a hospital or factory. BT has about 85 per cent of the wide area bleeper business with Aircall accounting for most of the rest.

Expense accounts 'uncontrolled'

BY ARTHUR SANDLES

TRAVEL and entertainment expenditure by UK companies – at £17.4bn a year – tops corporation tax, property taxes and advertising as a business expense but is largely out of control, according to American Express.

The company examined the expenses patterns of the British after having carried out similar investigations elsewhere in the world.

"At current rates," says American Express, "the cash advances alone are costing British industry £140m a year in lost profits. It is simply money straight out of the window."

When British businesses were asked about the money their employees spent on travel and entertaining business contacts, most admitted they did not really know how much was being spent, or where the spending went.

American Express comments: "Considering the huge sums of money involved, most British companies, in fact, display remarkably little concern about travel and entertainment compared with other controllable business costs."

On average, fewer than one in five companies consider this area of costs very significant. But the larger the organisation was, the more concern was likely to be shown.

The survey showed that the British were much keener on getting discounts than Americans but much less worried about employee abuse of expense accounts. Australian businesses were keenest on simplifying administration. American companies worried about the comfort and convenience of their travelling employees, but this was a low priority for UK organisations.

The British are heavier company credit card users than the Americans, according to the survey. Nearly two thirds of UK companies now issue credit cards to staff, says American Express, although the practice is generally limited to senior management.

The survey found that 78 per cent of UK directors held company American Express cards, 28 per cent Diners Club and 23 per cent Barclaycard (Visa).

A recent survey of its readers by the magazine Business Traveller showed a slightly different picture. It indicated that the company card market was split American Express 38 per cent, Diners Club 18 per cent, Access/Mastercard (which fared badly in the American Express survey) 10 per cent and Barclaycard/Visa 8 per cent.

The American Express survey suggests that the construction industry is by far the biggest UK travel spender but that the industries with the largest number of employees with expense accounts were motor vehicles, oil and finance.

Business expenses, Page 32

Optica aircraft crash dismays company

BY LYNTON McLAIN

EDGLEY Aircraft, housed in its idyllic setting on the edge of Salisbury Plain close to Stonehenge, was a place of mourning yesterday.

The thoughts of the staff, now nearly 200 people after the company's three years in the renovated hangars that once housed the Royal Flying Corps, were with the families of the two policemen who died on Wednesday when their Edgley Optica observation aircraft crashed in Hampshire.

There was a sense of disbelief about what had happened. The company showed its confidence in its unique aircraft by saying: "Edgley Aircraft demonstration aircraft have not been grounded and today left for Germany for a series of demonstrations and flying displays."

It said the accident had been observed by a number of competent witnesses and their evidence, coupled with the company's preliminary examination of the wreckage, did not indicate any structural or mechanical failure.

The Optica crashed on its first day of observation duty with Hampshire police. It was on charter from Air Foyle, an air taxi company at Luton, Bedfordshire. This was Edgley Aircraft's first commercial sale. It should have been a day of pride for the company and its staff. It was the first production aircraft they had built after an 11-year development when government bureaucracy and scepticism failed to stop a private dream becoming reality.

The dream was that of Mr John Edgley, a civil engineer who retrained as an aeronautical engineer to fulfil his idea of building an aircraft factory as well as a revolutionary aircraft.

He designed the Optica to become a fixed-wing aircraft equivalent of the helicopter, with operating costs a quarter of those of a helicopter and capital costs of about half. The Optica was designed to fly very slowly at 50 knots minimum cruise speed and in tight 55-metre radius circles.

Mr Edgley saw the observation aircraft as filling a huge gap in the world market. He forecasts sales of 2,000 Opticas to the civil aircraft market over the next 10 years. This could rise to 5,000 if the company opts to go for military sales, which it is ignoring at the moment because of the greater bureaucracy involved.

The company had humble beginnings. The prototype Optica was built by hand in Mr Edgley's house in north London in 1976. Final assembly and the maiden flight took place in 1979.

A fight with the Department of Trade and Industry came next to try to persuade officials to part with launch aid to help put the Optica into production.

The attempts to get government launch aid failed. Mr Edgley and Mr Bill Fraser, the managing director and Mr Edgley's brother-in-law, turned to City of London institutions with great success after appearances by the prototype at the 1980 Farnborough air show and the 1981 Le Bourget Paris air show.

Equity capital totalling £3m was obtained through J. Henry Schroder Wagg from almost a dozen investment trusts and institutions, including Norwich Union, National Provident Institution, Schroder UK Equity Fund, Schroder Investment and the Esso pension fund.

The company took off in a spectacular way with this modest financial backing. Over 80 orders for Opticas have been won by the company, with an order book approaching £12m.

Many of the orders were placed before the aircraft gained its crucial type certificate of airworthiness from the UK Civil Aviation Authority in February this year. The CAA then has to certify each individual aircraft as it comes off the production line to see that it reaches the required standards.

The CAA said yesterday: "The crash makes no difference, and there is nothing to stop Edgley Aircraft continuing to make and deliver Optica aircraft to customers."

London tube strike called

By Walter Ellis

THE EXECUTIVE of the National Union of Railwaymen (NUR) yesterday called on its 21,500 members employed by London Transport Underground to begin an indefinite strike from Monday over the one-man operation of tube trains.

The strike is being called without a ballot, in contravention of the 1984 Trade Union Act, which could lead to action in the courts. London Transport is understood to be considering an immediate request for an injunction to prevent the strike.

A tube strike, if it does go ahead, would cause considerable disruption in the capital.

The second rail union, Aslef, is not involved in the dispute but will instruct its 1,100 tube drivers not to cross any official picket lines which may be set up by the NUR.

London Transport seemed surprised yesterday by the strike threat. One-man operation has been working on two underground lines – the Circle Line and the Hammersmith and City sections of the Metropolitan Line – since the spring of last year. Management now wants to extend the operation.

The NUR, like Aslef, does not oppose one-man operation in principle but argues that, if public safety is to be protected, drivers must have a 45-minute break after every two-hour stretch.

Underlying the dispute is the NUR's fear that many of its members' jobs will be lost once one-man operation becomes standard practice. At present most tube trains are crewed by a driver and a guard. More than 1,500 guards are employed by London Transport.

- The NUR will be seeking the views of railwaymen next week about possible industrial action over the proposed closure by British Rail of engineering works.

Closure of the works would mean the loss of 4,500 jobs.

TRADING BEGINS IN STERLING-DOLLAR OPTIONS

Philadelphia confident of London link-up

BY ALEXANDER NICOLL

NEW FACES and makeshift badges were in evidence on the London Stock Exchange floor yesterday morning as trading in sterling/dollar currency options was inaugurated by Mr Nicholas Giordano, president of the Philadelphia Stock Exchange.

Mr Giordano, whose exchange pioneered traded currency options of which the most active is a sterling contract identical to London's symbolically bought June 10 $1.20 "calls" for a premium of seven cents per £1 from market-makers Akroyd & Smithers.

The options would each give Mr Giordano the right, but not the obligation, to buy £12,500 at an exchange rate of $1.20 at any time before the expiry date of June 14. He was effectively betting that the pound would rise above $1.27 from yesterday's level of around $1.25, covering the exercise price plus the cost of buying the option.

Mr Giordano said he was optimistic that present negotiations could lead to formal links between the London and Philadelphia markets, which could eventually be extended to the Hong Kong Futures Exchange and thus provide a full 24-hour market in currency options complementing round-the-clock foreign exchange trading.

As well as having international significance, yesterday's start-up signalled fierce rivalry between the stock exchange and the London International Financing Futures Exchange (Liffe), which plans to begin trading a sterling/dollar option on June 27.

Echoing a widespread market view, Mr Giordano said yesterday that "ultimately there will be one successfulmarketplace in London."Mr David Steen, chairman of the stock exchange's Options Committee and the driving force behind the development of options in London für the past seven years, said the new contract signalled a new willingness of the exchange to welcome outsiders. "We want to see people come into this market and trade," he said.

Among the outsieders feeling their way around the options pitch yesterday Standard Chartered Bank, commodity traders Rudolf Wolff and money brokers Exco. They have each paid £10,000 established exchange members.

The new market, which has several charakteristics such as "dual capacity" and negotiated commissions due to become comonplace when current radical reforms of the exchange take effect next year, provoked predictable grumbles from floor traders used to the old ways.

"We'll all be wearing ice cream jackets as well soon," said one jobber, referring to the multi-coloured garb of traders on futures exchanges.

A D-Mark/dollar option is also expected to begin trading on the exchange within two months, but yesterday, trading in the new contract was predictably hesitant and slow after the initial fanfare.

Until a fully liquid market develops and potential users are fully educated, the contract is expected to appeal mostly to banks wishing to hedge the options they have sold to their corporate customers.

A large market has already been developed by banks in this field, but market participants believe a healthy market for exchange-traded options could develop in London. They say that up to a half of the daily volume in Philadelphia, ranging typically between 8,000 and 15,000 contracts a day, emanates from London.

Sinn Fein set to hold sway after Ulster poll

BY BRENDAN KEENAN

SINN FEIN, the political wing of the Provisional IRA, looked like holding the balance of power in a number of Northern Ireland local councils at the halfway stage of counting. The prospect was that even limited work of Northern Ireland councils could become impossible in some cases because of the Sinn Fein presence.

Both Unionist parties said they would have no dealings with Sinn Fein councillors, even on non-controversial matters. Mr Douglas Hurd, the Northern Ireland Secretary, has already made clear that the ban on ministers meeting Sinn Fein representatives would continue, in spite of their increased representation.

Sinn Fein's decision to contest the local elections for the first time in decades will cause particular problems for the Social Democratic and Labour Party (SDLP). It will be accused by Unionists of collaborating with Sinn Fein if it does not join the boycott and of splitting the Nationalist vote if it does.

The SDLP leader, Mr John Hume, has already had to distance himself from the Irish Government on the question of ministerial boycotts, which apply both in Dublin and Belfast. Mr Hume said that everyone who was democratically elected should be treated in the same way.

The state of the parties just before the first day's count finished, was Official Unionists 85, Democratic Unionists 67, SDLP 39, Sinn Fein 24, Alliance 13, others 34.

World 'on brink of trade anarchy'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE WORLD is on the brink of a potentially disastrous slide towards anarchy and self-interest in its trading relations, Dr I. G. Patel, director of the London School of Economics, warned yesterday.

Dr Patel, who is an expert in the economics of trade, was delivering the LSE Society Lecture on international economic co-operation.

He painted a dismal picture of the present scene and said: "The past few years may well go down in history as the period when a substantial part of the edifice of international economic co-operation so patiently built in the early post-war years and extended in the subsequent two decades and a half was deliberately dismantled."

The new right in the U.S., the UK and in many European countries had contributed to this by their reliance on the power of unfettered market forces, which had gone along with a policy of starving major international institutions of funds.

However, in spite of general support for free market principles, many countries were flouting the principles of free trade enshrined in the General Agreement on Tariffs and Trade. Their "cynicism and hypocrisy" had been carried several stages forward in recent years with the invention of the concept of "voluntary export restrictions," applied to a whole range of goods from shoes and steel to automobiles.

One important task was to replace these and other quota restrictions with tariffs, which he said were a lesser evil, because they could more easily be scaled down and required legislation (and therefore discussion) before they could be implemented.

More generally, Mr Patel said a new round of international trade talks needed to be based on the perception that protectionism did not usually benefit one whole country at the expense of another. It was more likely to give obvious advantages to one group within a country while conferring a more generalised disadvantage to other groups.

Nevertheless, it had to be recognised that "protectionism has an almost universal and everlasting appeal" based partly at least on rational and understandable considerations.

Moreover, there were cases in which some protection for a country's industry was legitimate or politically irresistible. Countries with severe balance of payments difficulties or developing countries with "infant industries" provided examples.

Therefore, the drive towards freer trade could not be carried too far. International rules had to provide a safety valve; but they should also provide a method for phasing out protectionist measures when they were no longer justified, Dr Patel said.

It was also important to recognise that heavily indebted developing countries would have to be assured of an adequate flow of external capital at reasonable rates of interest, if they were to be fully integrated into a free world trading system.

This was particularly important at a time when the industrial world's requirement for capital – to finance budget deficits and new technology investments – would tend to keep interest rates high.

For this reason the present indifference and even hostility to the World Bank, and the International Development Agency, its concessionary finance arm, would have to be overcome.

For these reasons the next efforts to liberalise trade should proceed on a wide front, with no sectors like agriculture, textiles or services excluded.

It was of particular importance, he said, to avoid the risk of a number of special deals between particular groups of countries which would soon deteriorate into "bickering accusations, and beggar-my-neighbour discrimination – and turn, in other words, to the law of the jungle, and all in the name of a selective and progressive and reciprocal march towards free trade."

Poll puts Tories in third position

By Peter Riddell

THE CONSERVATIVE Party has fallen to third place in an opinion poll rating for the first time since before the Falklands war in 1982.

A Gallup poll, published in the Daily Telegraph newspaper, puts the Tories at 30.5 per cent, against [illegible] per cent for Labour and [illegible] per cent for the Social Democratic/Liberal Alliance.

This represents a seven-point jump in the Alliance rating to the highest level since its heyday in 1981-82 after its initial launch and string of by-election successes.

The ratings of both Conservatives and Labour have dropped [illegible] percentage points in the past month.

The poll, taken after the big Alliance gains in the county council elections a fortnight ago, represents a blow for the Tories and a fillip for the Alliance. It is difficult to translate the figures precisely in terms of parliamentary seats, but the implication is that, if there were an immediate general election, there would be a hung parliament. Labour would be the largest single party, with the Alliance winning large numbers of Conservative seats.

Mr David Steel, the Liberal leader, commented: "This is the first time we have held a major position in the polls without a by-election."

The detailed poll figures, based on interviews with 890 electors between May 6 and 13, show that there has been a further decline in voter satisfaction with Mrs Margaret Thatcher's performance as Prime Minister and an improvement in the rating of Mr Steel and Dr David Owen, the Social Democratic leader. Significantly, the Alliance is rated equally with Labour in terms of which party has the best policies, still slightly behind the Tories.

The outcome will boost Alliance hopes of winning a Welsh seat in the Brecon and Radnor by-election from the Tories later this summer.

The result will worry Tory MPs after the party's setback in the local elections and will provoke further heart-searching about changes in the presentation of policy. There is particular nervousness over the impact of the forthcoming social security reviews.

The poll comes at a time when Conservative Centre Forward, the new Tory backbench pressure group headed by Mr Francis Pym, the former Foreign Secretary, has run into considerable disarray. Two junior members have withdrawn because of concern that Mr Pym's speech in Oxford on Tuesday was too strong in its criticisms of the Government and risked dividing the Conservative Party and alienating potential supporters.

'Cheaper loans for industry' under Labour

By Our Political Editor

A LABOUR Government would establish a National Investment Bank (NIB) to provide low-interest rate finance to help reinvigorate industry, Mr Roy Hattersley, the shadow Chancellor of the Exchequer, promised yesterday.

The proposal, set out in detail in a speech in London, is intended to complement the plan, announced earlier this year, for a new framework of exchange controls to ensure a substantial inflow of funds from repatriated British investments overseas.

Mr Hattersley described the bank "as a centrepiece of Labour's economic and industrial policy at the next general election." Later yesterday, he said that Labour was no longer the alternative government but the next one.

The NIB is intended to differ from existing institutions by offering subsidised rates of interest, by lending money long-term, by reaching judgments on the evidence of experts, in particular industries, and by looking at social rather than narrow accounting returns.

It would receive a Treasury subsidy to support its low interest loans, but would be required only to lend to companies that are potentially viable, not to stave off imminent collapse. Its priorities will be to help businesses with export, employment or recovery potential and those of regional importance.

The NIB has, by coincidence, the same name as a similarly-designed institution proposed by Labour in the 1930s as part of its proposals for reducing unemployment then.

The Labour Government in the late 1960s and late 1970s also introduced financial organisations to help stimulate industrial efficiency and investment; namely, the Industrial Reorganisation Corporation and the National Enterprise Board. Both had smaller budgets and more limited terms of reference than is proposed for the NIB. These bodies were either closed or substantially run down by the successor Conservative administrations.

TECHNOLOGY

EDITED BY ALAN CANE

Tomorrow's manufacturing today

Alan Cane profiles information technology company Istel

ISTEL is unashamedly hi-tech. The walls of its Redditch headquarters near Birmingham, England, bear mute but colourful witness to its passion for information technology in the form of screen-printed images of electronic wizardry.

It has one of the biggest IBM-based computer complexes in the country yet it opened a personal computer shop (Istel calls it a marketing centre) this week, in the middle of the Worcestershire countryside. And everywhere there are visual display terminals linking its staff, one to another, through a kind of electronic umbilicus.

But how can it best transmit to its clients its philosophy that the proper use of information technology is fundamental to manufacturing industry?

That is the question facing its chairman and chief executive John Leighfield as Istel enters the second, most critical, phase in its short yet successful existence.

The company, formed in 1979, used to be BL Systems. It provided computing and communications services for British Leyland, and still does. It changed its name last year, however, to help to generate a new market identity away from the shadow of its vast parent—and in preparation for privatisation. So far, that has not happened and there are niggling worries in the company that it could simply be absorbed back into the Austin Rover car manufacturing group.

Its perceived problem—if a company of 1,200 people turning over £50m with healthy profits can be said to have a problem—is a certain lack of clear identity in the marketplace.

Why this should be so is something of a puzzle because Istel has been both pioneer and standard bearer in most of the technologies it has championed.

Its best known products include:

- Comet (the "electronic umbilicus"), the first electronic mail system in the UK. The company had to get a special value-added network (VAN) service licence to instal its mail boxes so early was it with the service.
- See Why, a computer program which simulates the operation of any industrial process on a video terminal screen so that potential bottlenecks can be highlighted at an early stage.

Istel has developed a package, called VISIT, for computerised fleet scheduling based on the same mathematical equations.

- Infotrac, Istel's own managed data network, now 55 nodes strong which supports a range of value-added network services including Comet and Viewshare, its videotex operation.

Soon it will launch EDICT, a service exploiting the current vogue for electronic data interchange (EDI), the replacement of paper in business transactions with electronic messages; a sector Mr Christopher Chiles, director for UK operations likes to think of as "the bureau business of the 1990s. . ."

- Failsafe, a joint venture in back-up computer centres with Atlantic Computing, a major computer leasing company.

The reason for Istel's lack of a market identity now becomes clear; at the present state of the information technology game, the various products it offers seem very disparate, one from another.

Metro assembly line—Istel showpiece of computer integrated manufacture

Which is why last month, the company went through a major reorganisation, restructuring itself into six marketing groups under Mr Chile's direction. The groups are automotive, engineering and manufacturing, commercial, decision support, business development and Austin Rover.

ISTEL

John Leighfield: Getting the message across

The aim is to create an organisation with a more powerful marketing orientation, something which was perhaps lacking during its days as BL's management services operation.

As Mr Chiles wrote recently: "While we have recognised for some time that we would ultimately need to reorganise the company along market oriented lines, this had to be done as a process of evolution and introduced at a time when the entire company was capable of understanding and adapting to this change."

"In our judgment, that time is now right. We have sufficient management depth in most disciplines within the company to be able to run several separate, largely autonomous, divisions effectively and we have enough understanding of our markets and products to know where to target which products and services."

The hidden thread in all of Istel's activities is integration, the ability to put together several disparate parts of the information technology revolution and make them all work well together.

This is the current area of concern, shown up by studies such as Ingersoll Engineers' *Integrated Manufacture* (this page, May 15); manufacturing simply is not integrated enough, and what is, is not integrated very well.

John Leighfield argues that this ability to understand the nature of integration is Istel's trump card. It spreads the word through personal recommendation, through conferences and through prestige studies. It has just completed a massive study *Design Rules for Computer Integrated Manufacture* sponsored by the EEC Esprit programme.

And it has established a new company, Istel Advanced Manufacturing Technology (AMT), under Mr Michael Grant who is director of the engineering and manufacturing division to show its commitment and intention in the marketplace.

Istel is, in fact, pursuing the integration it prescribes for others in its own activities. It would not take too powerful a time telescope to look into the future to see Istel AMT carrying out a turnkey project for a client involving the installation of a completely integrated manufacturing system—robots, computers, materials handling together with viewdata communications links—with all the information passing between the client and its suppliers and its customers handled through electronic data interchange over Istel's Infotrac network. The computer systems, of course, would be backed up through Failsafe.

Who are Istel's competitors? It all depends on the market sector. In value-added network services, for example, IBM, ICL and British Telecom are certainly high on the list. Istel does claim to be the largest videotex bureau in the world, however, with more than 5,000 screens out in the field capable of accessing Istel's computers (Aregon's well regarded IVS III is the videotex system Istel uses).

In the area of manufacturing systems, the picture is a little less clear because although there are many companies providing machine tools, robots and so on, there are few companies which can claim, as Istel does, that they are complete systems integrators.

The closest competitor is probably Ingersoll Engineers, an innovative manufacturing automation consultancy which shares many of Istel's convictions about the best way to make things better.

Per arborem ad astra

BY PETER MARSH

CLUES on how to grow trees that can be made more easily into paper could follow from scientific experiments due to take place this summer some 300 km above the Earth.

In the third flight of Spacelab, a \$1bn set of scientific hardware built by the European Space Agency that is carried inside the cargo bay of a U.S. space shuttle, astronauts will tend a group of pine seedlings whose growth under zero gravity will be investigated.

The experiment may shed more light on why, on Earth, plants grow upwards. Of more practical value is that the study will examine the rate of formation of lignin, a complex aromatic compound in trees that is responsible for their woody structure.

Lignin's chemistry is far from understood. It is thought to be polymer of phenyl propane units. It is deposited in the cell walls of woody plants and trees and is responsible for the strength and rigidity of such species.

For engineers wishing to obtain cellulose from trees, to make paper for instance, lignin is a nuisance. They have to get rid of the substance by a variety of methods. If the proportion of lignin in wood could be reduced from the current level of about 25 per cent, the job of the paper makers could be made easier.

On the Spacelab flight, due to take place in July, the pine seedling will be grown in two cells, one containing air and the other with reduced levels of oxygen. In the absence of gravity, the scientists at the University of Houston who have devised the experiment will attempt to discover how different oxygen concentrations influence the formation of lignin.

The flight of Spacelab, which will be carried into orbit for a week by the space shuttle Challenger, will include 12 other experiments, most of them in astronomy, weighing a total of 10.6 tonnes.

Many of the studies require bulky instruments that will sit on special racks made by British Aerospace inside the shuttle's cargo bay and take readings of radiation in outer space.

Of the experiments, 11 have been devised by American researchers and two by scientific groups in Britain. A team at the Science and Engineering Research Council's Rutherford Appleton Laboratory and London's University College has designed an instrument to measure the amount of helium on the corona of the Sun.

In the second British project, the University of Birmingham has produced apparatus that will analyse X-rays in an experiment that may give clues on the evolution of distant stars.

The third Spacelab flight, in which seven astronauts will take part, will take place on the 19th mission of the U.S.'s space-shuttle fleet. The flight will cost the U.S. National Aeronautics and Space Administration about \$300m. Future Spacelab missions, says Nasa, will be less expensive due to the re-use of hardware and lower launch costs for the shuttle.

Nasa expects to operate Spacelab missions roughly twice a year and cover a variety of scientific studies including life sciences, astronomy, the production of new materials in low gravity and plasma physics.

The first Spacelab flight took place in November 1984 and the second ended earlier this month.

Whizzkid machine steps out

JAPAN'S MACHINE intelligence programme is progressing rapidly. NEC Corporation and the Japanese centre for advanced computing has developed an "inference" computer capable of making inferences such as syllogisms 200,000 times a second.

The machine, which has five times the capacity of a small inference computer the Japanese developed last year, uses the Prolog language specially developed in the West for artificial intelligence projects.

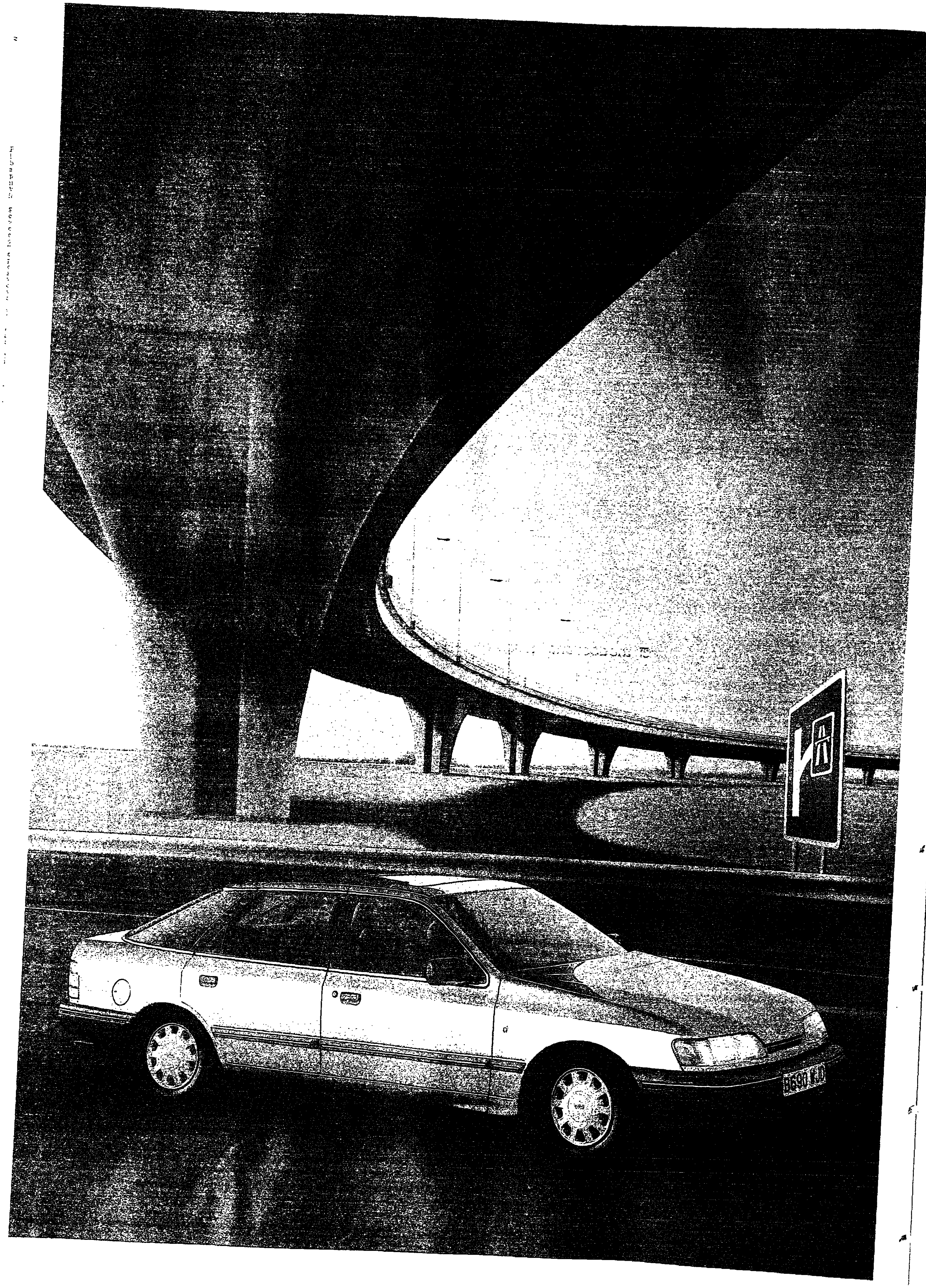
The machine is expected to be launched at a symposium of fifth generation computing to be held in Tokyo next week.

Handy robot

ROBOT assembly has taken a further step forward with the news that Ford of Dagenham an Kuka, the robot manufacturer, have managed to build a robot capable of lifting a 14 kg flywheel into place while simultaneously tightening its eight security bolts.

The robot takes 20 secs for a task which used to take 45 sec by hand. Design, development and installation costs for a system that is said to be the first in the world were £100,000.

The robot is being used on Ford's diesel engines for its Transit range.



The scars of industrial decline run deep in this Humberside region but signs of new enterprise are starting to emerge

New life breathed into battered steel centre

Regional Report
By Nick Garnett

NEW LIFE is at last being breathed into Scunthorpe's industrial infrastructure after the terrible pounding it endured in the large and rapid shrinkage of the steel industry.

Four substantial operations in engineering and furniture making have been attracted in the past 18 months. The three principal industrial promotion agencies in the boroughs of Scunthorpe and Glanford have assisted new business enterprises they estimate have already provided between a 1,000 and 1,500 jobs.

The big Nypro works, the site of the Flixborough process plant disaster 11 years ago, is undergoing rapid clearance as once of the country's newest enterprise zones.

The other enterprise zone covers part of the 500-acre Normanby Park steelworks, shut in 1981 with loss of 4,200 jobs. All the former engineering workshops and storage buildings across 100 acres have been reoccupied by new businesses.

The scars of industrial decline remain long and deep, however. This is particularly plain within Scunthorpe, holding half the population of 130,000 in the two boroughs which make up the central area of south Humberside.

Three features of industrial change are encapsulated in Scunthorpe's experience. These are the trauma of a large chunk of an industrial base crumbling overnight; the pain associated with attempts to build a future on the back of substantial regional aid; and the social nightmare of redundant steelworkers facing new job opportunities geared more for women and those with different skills.

Scunthorpe's steel employment shrivelled from more than 20,000 to 7,500 during the past decade. The bulk of the losses in the past five years came with the closure of the Redbourn and Normanby Park integrated complexes.

This is a bigger loss of steel jobs than experienced by Corby, where steel employment dropped from 13,000 to 3,500. Yet Scunthorpe has had to make do without the benefits of the New Town Commission, short driving time to London and the ballyhoo that helped the Northamptonshire town.

Steel remains by far the largest employer. The works based on the Appleby-Frodingham complex occupies 1,700 acres with 39 miles of roadway and a standard yearly production of 2.7m tonnes — nearly a fifth of the British Steel Corporation's total.

But the dramatic decline has bequeathed the Scunthorpe-Glanford area with 19 per cent unemployment, compared with only a few per cent in 1979. In Scunthorpe it is as high as 25 per cent.

Negative and positive factors compete in a battle over the area's employment structure. The dominating presence of steel meant local business attitudes were short of entrepreneurial initiative. It also ensured a poorly-developed middle clase; until recently half Scunthorpe's housing was council-owned.

Meanwhile, financial help from the BSC for new job creation is relatively tiny.

On the reverse side of the coin, by maintaining development area status for almost the whole of Scunthorpe and Glanford when the classification of special development area disappeared has made the region financially attractive to incoming businesses.

"By standing still we have floated to the top," one industrial development officer says.

Apart from assisted status, it is also a steel closure area benefiting from EEC funds, and is one of BSC (Industry)'s 18 opportunity areas.

Three agencies are shouldering most of the promotional activity.

● The Industrial Development and Enterprise Agncy is part of Scunthorpe borough's technical services department under Mr Jon Hutchison. His team offers a co-ordinated approach to promotion and planning.

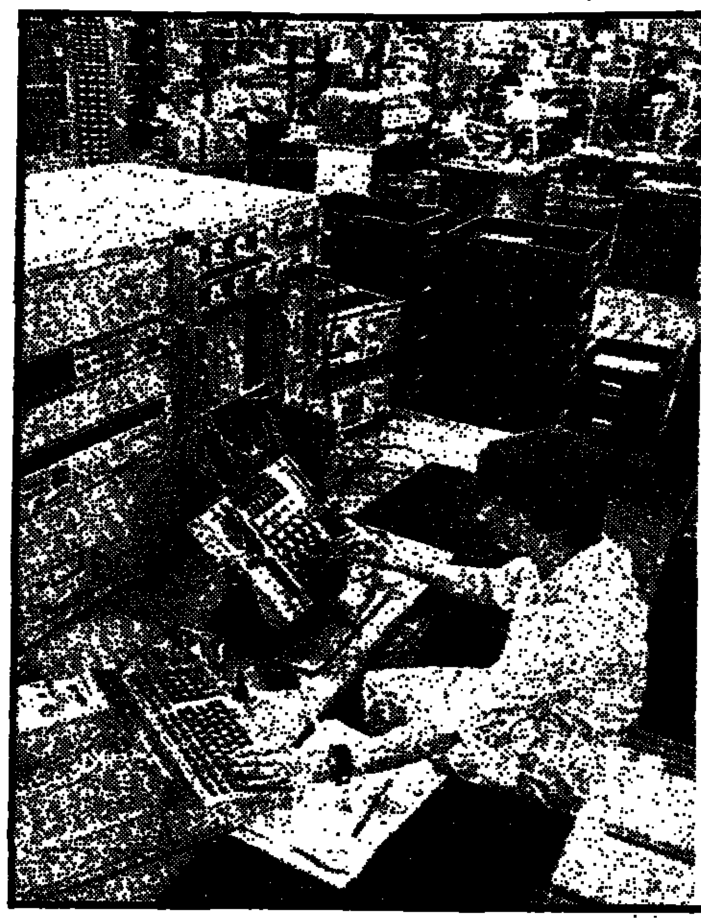
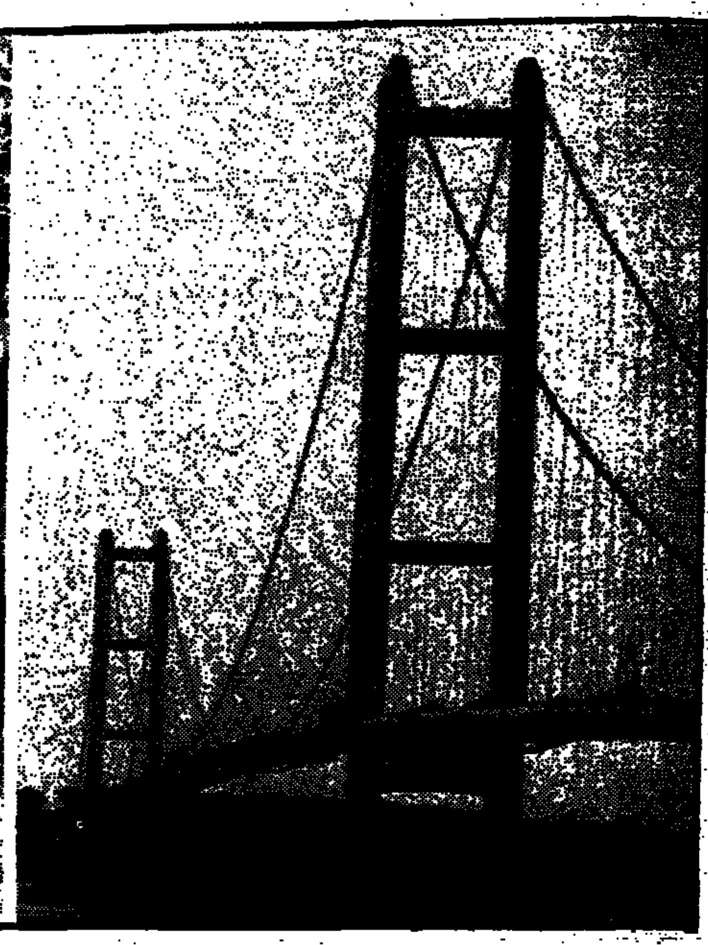
● The South Humber Business Advice Centre at Brigg, set up with £140,000 of funding over two years from BSC (Industry), Glanford council and private companies, has had its life extended. It has helped 91 projects from new company set-ups to small business extensions.

● Glanford has its own economic development unit under Mr Tony Lyman, while English Estates, though now having its factory-building constrained by lack of finance has been active in both boroughs.

Job creation received its biggest filip by the designation of the two enterprise zones—Scunthorpe in 1983, and the Nypro site at Flixborough (purchased by Glanford for £1.5m) last year. Mr Hutchison says the Scunthorpe zone has been an important factor in the town's improved perfomance in attracting companies.

Of the four big operations that have started up in Scunthorpe in the past 18 months, Pipe and Rail and TB Marketing have added to the town's long-standing metals sector. The other two, Hygena and HLF (a Christie-Tyler subsidiary), have helped to create a furniture-making industry.

But Scunthorpe and Glanford's unemployment remains high and its employment structure weak. Both boroughs know they must make most of their special financial attractions as best and as quickly as they can.

Electronics has a foothold in Scunthorpe through the Thorn Ericsson plant, while Glanford feeds on business brought via the Humber Bridge and refineries like the Conoco complex

A misunderstood island

THE TITLE of Scunthorpe's official history is an An Industrial Island, and there is more than an element of truth in those words. But urban Scunthorpe and the separate surrounding rural borough of Glanford are a case of an area generally misunderstood by those who have never visited it.

Scunthorpe is a small town slowly welded together from five villages since ironmaking began in the middle of the last century and wrenched out of Lincolnshire in the 1974 local government reorganisation. It is virtually free of slums, has few old buildings and suffers from none of the industrial blight that afflicts many conurbations.

Roadside signs stating "Industrial Garden Town" greet visitors and there is some truth in that. More than 1,000 acres of parkland and open space divides the borough, once winning it second prize in the Britain in Bloom competition.

Scunthorpe's museum took the BBC's best small museum award three years ago, while Tony Jacklin learnt to play golf on one of its four courses. The £3.5m leisure centre, completed two years ago is a model of its kind.

The town is quiet, with an air of isolation. But Scunthorpe is no longer isolated thanks to a motorway network, completed in 1980, which links it with Sheffield, Leeds and (via the Humber Bridge) with Hull. Immingham's port facilities are only 25 miles away.

Large tracts of grade 1 and 2 agricultural land stretching across Glanford also mask some surprising features. The five wharves along the River Trent in Glanford, navigable for 3,000-tonne cargo vessels, handle as much as the port of Hull.

Scheduled air services from the small south Humberside airport at Kirmington have been joined by the first holiday package flights to the Mediterranean.

A significant proportion of Britain's oil refining capacity is housed in the east of Glanford borough, which is also witnessing major development in the excavation of storage caverns for Calor Gas.

Though much of the expanse of sugar beet and barley is featureless, the villages of the Saxby Wolds are picturesque and accessible, light years from the popular conception of this slice of south Humberside.

Symbol of BSC social role

Normanby Workshops

A GROUP of 34 workshops set up by BSC (Industry) alongside the defunct Normanby Park Steelworks was opened by Mr Patrick Jenkin, then industry secretary, in autumn 1982.

The workshops are a symbol of BSC's "social conscience" and a reminder of the difficulties inherent in spreading entrepreneurial ethics in a town where the jobs market has been dominated by a single, massive industrial employer.

Some 35 businesses have set up in the workshops, though few have moved past the stage of being one or two-man outfits. Even fewer involved former steelmen.

A handful of these businesses have transferred out of the workshops into larger premises. One is wardrobe maker BKL, which is expanding employment into double figures.

Under Mr Alan Henderson, the manager, Normanby workshops house 24 businesses, many of the basic hand-craft type. Mulvin Engineering, for instance, a dismantling and construction company employs 23, with Mr Don Ross, a former BSC project manager, as a director.

Oaks Marketing makes a pneumatic tourniquet and is building up a useful export business. Phoenix Finishers, which carries out stove enamelling and other metal finishing, has doubled its floorspace to 850 sq ft.

Independent VAC Services, which specialises in asbestos removal, moved into the workshops when it employed nine, and now has 40 employees. But most of these work elsewhere in the country, with VAC maintaining only its administration in the workshops.

The Normanby Park complex has had one of the poorest take-up performances in the BSC (Industry) network of ventures in steel closure areas, perhaps reflecting Scunthorpe's industrial and employment background.

That they continue to provide a home for infant businesses was recently underscored, however, when two former employees of J. Jellinek, the local building company which went into liquidation last month, moved into the workshops to set up cabinet-making and glass fibre sign companies.

● A feasibility study has been completed by Building Design Partnership to reclaim the Normanby Park teelworks for industrial expansion, leisure and recreation. The two borough councils which commissioned the study have been recommended to use derelict land grants to reshape and landscape the 580-acre site.

Appelby village indicates the rural nature of much of Glanford, contrasting with the big new Hygena factory on Scunthorpe's enterprise zone

New arrivals add pace to rebuilding struggle

Industry

SCUNTHORPE and Glanford's industrial and employment profile has been shaped by three pronounced features.

The first has been a long-term over-reliance on steel, once providing more than a third of jobs within a wide catchment area—more than half in Scunthorpe—but which suffered steep and rapid employment decline. Two consequences were built-in vulnerability and a lopsided job structure with a dearth of services and alternative manufacturing.

The second factor was a painfully slow attempt at rebuilding an economic structure. This has recently gathered pace with the arrival of several new companies.

Thirdly, indigenous businesses have demonstrated remarkable resilience. Disappointments have included the recent liquidation of J. Jellinek, a local construction company, while Elswick Falcon Cycles at Brigg has rationalised by closing its Barton plant.

However, Scunthorpe's food and clothing industries provide stable and growing employment opportunities and furniture making is expanding. Glanford's arable farming and primary industries remain buoyant.

A big difference in size separates Scunthorpe's steel sector and its next largest company, Sooner Foods. The company grew out of a local fish-and-chip shop business called Rileys and is now part of Rowntree Mackintosh. It employs more than 1,400 making snack foods and crisps.

A further susbtantial drop in size separates the town's next largest employer, Corah, which employs 600 as a Marks and Spencer clothing supplier.

But Scunthorpe's jobs base rests mainly in a clutch of companies with 150 to 800 workers. These include Thorn Ericsson, whose Scunthorpe plant has just secured a big British Telecom order for exchanges, and a small group of clothing plants of which those of Warners UK and Bentwood Brothers are the largest.

The town also possesses a small engineering sector made up of companies like Firth Brown Castings, Humberside Fabricators and Grant Lyon Eagre, which manufactures railway tracks and has built a substantial export business.

The construction company Clugston has its base in Scunthorpe and another local business, Wharton, provides road haulage and shipping services.

Companies moving to Scunthorpe in the past two years are providing the town with a stronger employment structure. The four biggest, expected to provide 800 jobs are:

● HLF (Harris Lebus Furniture), a Christie-Tyler subsidiary making upholstered furniture for Harris Queensway, which has opened one of the country's most modern furniture factories.

● Hygena, supplying kitchen units to MFI, now operates in a 450,000 sq ft unit, one of the largest production centres completed in the UK in the past seven years.

● Pipe and Rail, based at Stallingborough, has taken up 900,000 sq ft of buildings on the Normanby Park site for engineering work, railway waggon refurbishment and storage.

● A recent coup was the transfer of Bentall Simplex agricultural equipment making capacity, purchased by TB Marketing of north Humberside, into the central engineering workshops on the same site.

Glanford has a substantial primary industry here other than agriculture. This includes the sugar refinery, Rugby Portland Cement in South Ferriby, quarrying by Singleton Birch and British Industrial Sands, and the Britag fertiliser production site at Barton.

One major development is the excavation of butane and propane storage caverns for Calor Gas.

Glanford possesses the bulk of South Humberside's oil refining capacity—10 per cent of the UK's total—locked up in Lindsey Oil (Total and Petrofina) and Conoco, with the deep-water jetty facilities of Immingham nearby and the mono-buoy Tetney oil terminal.

It has yet to see much new growth in manufacturing and services, but small businesses recently set up include High Volt, a battery maker.

Air traffic has grown by 20 per cent a year in the last decade

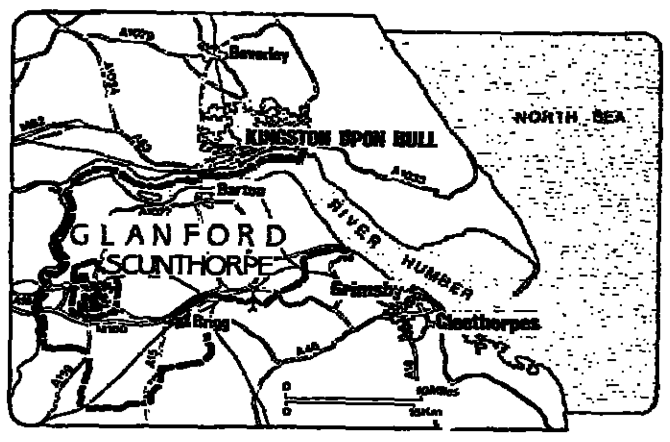
A chatter of rising importance

Kirmington Airport

ABOVE THE village of Kirmington, east of Scunthorpe, the chatter of a helicopter signals the growing relevance to the county's economy of the small Humberside airport.

Though the airport was brought into civilian service after the war, it only received proper navigational aid and rescue services when Humberside County Council took it over in 1974. Since then, traffic has grown steadily at more than 20 per cent a year, boosted by the Humber Bridge which gives it more direct access to Hull's businesses, the south Humberside motorway network completed in 1980 and the burgeoning gas exploration industry.

Last year the airport had 17,000 non-private aircraft and helicopter movements, including 7,000 scheduled services and 7,600 commercial flights for 120,000 passengers.



Regular services, principally by Air UK and Air Ecosse using Short aircraft operate to eight cities, including Amsterdam, Esbjerg and London (Heathrow). British Airways Helicopters established a base at Kirmington two years ago and carry 37,000 passengers yearly, mainly as part of the servicing operation for southern North Sea oil and gas exploration.

Bond helicopters, based in Lincolnshire, uses Kirmington in its commercial network for offshore companies.

To help meet offshore business, the county council is investing £330,000 in a heliport, due to be operational next year.

The first jet holiday package flight operation began in March in an arrangement between tour company Fairs-Lloyds and Hispania Airlines using a weekly Caravelle to Majorca. Tourist flights to Jersey are well established.

The county council's management team, including Mr Reece Andrew, the airport manager, was introduced two years ago to accelerate exploitation of Kirmington's commercial potential. Before then the airport had been managed under contract by International Aeradio, which continues to provide air traffic, fire rescue and terminal services.

A capital programme involving extended aircraft aprons, freight centre and expansion of the industrial estate has been drawn up, with one estimate suggesting that a passenger throughput approaching 300,000 yearly is possible within 10 years.

Humberside Airport's population catchment is limited but the county council believes it could develop to be as important as current third-tier airports like Liverpool and Cardiff.

Capacity cuts bring sense of security

Steel

AFTER THE painful closures and redundancies which bequeathed to Scunthorpe one of the country's highest unemployment rates in a compact community, the British Steel Corporation's integrated works continues as one of the more secure production sites.

The works, based on the Appleby - Frodingham plant, have risen high up the productivity league. Cuts in capacity, improved working attitudes and application of better technology to existing processes, have boosted the output per head of the 7,000 employees.

The town is also the home of an operating division of Allied Steel and Wire, the steel company set up by BSC and GKN in 1981. This is based on the original BSC Number 3 rod mill, the UK's only four-strand rod mill, and employs 450 with an annual capacity of 600,000 tonnes.

The mill, operating in a sector at the heart of proposals for rationalising UK capacity, has had £1m spent on it in the past few years to raise efficiency.

BSC has now formed a company with Caparo to operate the former Number 1 rod mill to produce small sections in place of the corporation's Jarrow and Monks Hall plants, which are being shut.

The Scunthorpe operation, expanded and modernised in the big Anchor project of the early 1970s, has almost recovered from the miners' strike. Production of 60,000 tonnes a week was cut in half during the dispute as 1,000 vessels carrying 1.8m tonnes of coal and iron ore to feed the furnaces docked at wharves on the River Trent.

The plant, with four blast furnaces and continuous casting facilities for slab, bloom and billet, still needs to recapture some of the business lost during that period but production is back to normal.

For a short period recently it actually rose to 80,000 tonnes in a test for the time it temporarily replaces part of the capacity of Redcar, Teesside, next year where a blast furnace is being relined. Mr Danny Ward, Scunthorpe's former works director is now director of Teesside.

Mr Harold Homer who came to Scunthorpe less than two months ago and at 44 is BSC's youngest works director, is still looking for changes in training, updating of equipment and improvements in steelmaking capacity.

"We have got to get the plant operating up to its design limitations," he says. "There is still some slack in the system."

CANADIAN BANKING

Financial services conglomerates challenge Canada's bank majors

BY BERNARD SIMON IN TORONTO

SPURRED BY accelerating deregulation and intense competition, a number of aggressive Canadian financiers are stitching together a network of increasingly powerful financial service conglomerates.

The new empires—the activities of which include such banking services as deposit-taking and commercial lending, as well as mortgages, mutual funds, insurance and fiduciary services — are in some fields *challenging the big Canadian banks.* Some of the non-bank groups have also become a significant force outside Canada, *notably in the U.S. and Western Europe.*

Among the companies the far-flung operations of which have drawn growing attention (and criticism, especially from the banks) is Power Financial Corporation of Montreal. Power Financial is a subsidiary of Power Corporation, a family-controlled company with other interests including the largest single shareholding in Canadian Pacific, Canada's biggest industrial group, and a 40 per cent stake in Consolidated Bathurst, the lumber, pulp and paper producer.

Assets of Power Financial subsidiaries, including assets under administration, reached C$35.4bn (U.S.$25.7bn) at the end of 1984, more than the domestic assets of Canada's fourth largest bank, the Bank of Nova Scotia.

Mr Paul Desmarais Jr, whose family controls Power Corporation, observed recently: "We already have a place in the structure and market reach which other companies are only beginning to talk about creating in Canada."

Power controls through the Winnipeg-based Investors Group, 11 mutual funds that have garnered 45 per cent of the Canadian mutual fund market. Another subsidiary, Great-West Life Assurance Company, is the country's biggest shareholder-owned life insurer.

Montreal Trust, also controlled by Power Financial, is among Canada's top six trust companies.

Great-West Life derives almost half its income from the U.S., with the help of an 800-strong staff operating from Denver. Investors group earlier this year also dipped its toes into the U.S. by buying a half-share in a Minneapolis-based portfolio management, mutual fund and venture capital group.

The thrust into the U.S. coincides with Power Financial's plans to raise its 10.6 per cent stake in Pargesa, the Geneva-based holding company with substantial banking and investment interests in the U.S. and Europe. Other Pargesa shareholders include Volvo of Sweden and Frere-Bourgeois, the Belgian group.

Power has already begun to make use of its link with Pargesa. Drexel Burnham Lambert, the U.S. securities company, in which Pargesa is a large indirect shareholder, manages the common share component of a mutual fund marketed in the U.S. by Great-West Life.

Paul Desmarais, whose Power Financial Corporation controls 45 per cent of Canada's mutual fund market and owns the country's biggest shareholder-owned life insurer

Plans for the group's international expansion have not yet crystallised, but as Mr David Schwartz, the Investors Group senior vice-president, puts it: "We don't feel as timid about moving internationally as we did a year ago." Mr Schwartz and his colleagues say they will try to avoid the mistake of some U.S. financial supermarkets of rushing out new products without a sales force to market them effectively.

At present, the distribution network of the Power Financial companies is their greatest strength. About 6,700 agents sell Great-West insurance policies in North America, including many of Investors Group's 1,200 "personal financial planners," who also promote mutual funds, insurance and other savings instruments. Montreal Trust employs, another, 1,100 real estate agents.

The activities of these companies are overlapping to an increasing extent. Investors Group now sells four-fifths of Great-West Life's term policies. Conversely, about 20 per cent of Great-West's sales force is licensed by government authorities to market both insurance policies and mutual funds.

Mr Arthur Mauro, Investors' chief executive, predicts: "You'll see an increasing effort on the part of Montreal Trust in the field of personal financial planning."

As an experiment, the company recently moved the staff of a mortgage lending subsidiary into its Winnipeg regional sales office. There is no compulsion on the two groups to integrate their operations. Since Investors has found in the past that people promoting mutual funds and insurance are averse to telling customers that their mortgage applications have been declined. But, Mr Schwartz says, "if nothing happens, we're no worse off. If something happens, we can quickly integrate the rest of the organisation."

The rapidly expanding links between the various arms of companies like Power Financial disturbs Canadian banks, which remain shackled by legal restrains on their ownership and functions. The banks, for example, may not conduct fiduciary business, nor may they sell life insurance or mutual funds.

The banks argue that—with a 40 per cent share of the financial industry's total domestic assets—they are not as powerful as critics depict them. They also point to the dangers of one person or a small group of individuals controlling various types of financial institutions.

Banks' protests have grown even louder since the Federal Government published proposals last month that will allow the non-bank financial institutions for the first time to form full-fledged banks. While no single shareholder can own more than 10 per cent of any of the existing domestic banks, the latest proposal would open the way for a family or even an individual to control a bank, as well as other types of financial institution under the umbrella of a financial holding company.

The Government hs suggested a number of ways to curb abuses. Each company would have its own board of directors and be required to publish separate financial statements. A new regulatory body would be set up to probe conflicts of interest within a financial services conglomerate.

The proposals—still to be discussed with the private sector and other parties before becoming law—have sent a clear signal to the financial community that the government is willing to clear the way for other institutions to catch up to the banks. Groups like Power Financial are thus likely to be major beneficiaries.

Another fast-growing empire in a similar position revolves around Brascan, a company controlled by Peter and Edward Bronfman, cousins of the Montreal-based Bronfman family, which controls the Seagram liquor empire. Brascan's interests include Royal Trust, Canada's second largest trust company, which has a British banking and trust subsidiary, and Great Lakes Group, which has recently emerged as the Canadian equivalent of a British merchant bank.

Like Power Financial, Brascan also has access to extensive insurance and real estate networks. Another Bronfman company is the largest single shareholder in Continental Bank, the seventh largest Canadian bank.

Power Financial has not decided whether to set up its own bank. One drawback would be the costs of setting up a deposit-gathering branch network to match those of the existing banks.

An alternative might be closer co-operation with the two existing banks, Royal Bank of Canada and Bank of Nova Scotia, that already have minority interests in Power Financial. The banks' extensive branch system could give a further boost to the distribution network of Investors Group, Montreal Trust and Great-West Life. On the other hand, the Power Financial subsidiaries could supply the mutual funds and insurance policies that banks are currently barred from selling. Mr Mauro of Investors Group argues: "We think we have something to offer, and clearly they (the banks) have something to offer."

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FINANCIAL TIMES REPORT

PROPERTY IN SCOTLAND

SURVEY WRITTEN BY WILLIAM COCHRANE

Tough times in electronics may cause problems but the economic recovery should stimulate property

Manufacturing spur to growth

LAST YEAR was a record for inward investment to Scotland. The Scottish Development Agency estimates that foreign companies have brought in £1.2bn since the beginning of fiscal 1981-82, half of that in the past 12 months.

Scotland now claims to be the electronics capital of Europe, the centre for a high concentration of semiconductor and computer production.

Growing pains in these industries may make records more difficult to achieve in the years immediately ahead, but there seems a strong likelihood that a domestic UK recovery in manufacturing investment will provide a new base for growth in the economy and the property industry which serves it.

The charge that Scotland is simply a cheap assembly base for other people's technology is refuted by immigrant companies such as Digital Equipment.

"We are delighted with the progress made by our Scottish workforce because in high technology manufacturing, where quality and delivery go hand in hand, our people have achieved an equal degree of succes in both respects," said the company in an SDA profile of the electronics industry in Scotland.

Mr Howard Moody of the SDA says: 'We are not just an assembly operation for the electronics industry. We have a lot of basic technology stemming from the defence industries immediately after the war."

Mr Moody inserts a note of caution on inward investment. "Next year is going to be tough; it is going to be tough all round the world. Semi conductors are overproduced and overstocked in the U.S.

"There have been some deaths in information systems as well, but the amount of births in other indsutries is very high.

"At the SDA we will still be cencentrating on electronics over the next 12 months, and in the long term. We would forecast much more employment from this source."

The domestic economic recovery and its effects on Scotland are highlighted by Professor Donald MacKay and his PEIDA economic consultancy in its usual preamble to the Scottish industrial and commercial property review published by surveyors Kenneth Ryden.

"The increase in UK manufacturing investment is certainly being accompanied by a parallel increase in Scotland," it says.

"Historically, the volume of investment has shown strong cyclical behaviour and the major turning points have been regularly anticipated by changes in investment intentions. The sharp recovery in investment intentions since 1980, therefore, points to a substantial increase in the volume of manufacturing investment."

This is having little apparent effect on the investment or development arms of the industrial property sector.

Mr Allan Campbell Fraser, chairman of DCI, the Scottish property development company, expresses a widely held and unremitting view of this market. "Scotland, in common with the rest of the UK, has vast areas of unlet or underlet floor space. Developers will also have to accept the growing trend for tenants to take short leases."

Ryden see a net reduction in new and modern stock in Edinburgh and the east of Scotland and an exceptional boost to interest in the Glasgow and west of Scotland market in the first three months of this year.

Aberdeen has a shortage of good modern space—a reaction to previous oversupply. It therefore has the opportunity to join the revolution in UK industrial property with better standards of building and higher office content.

Ryden say that tenants are showing little resistance to higher rents if the product is right.

In the office market, Glasgow once again seems to have regained its equilibrium. In spite of the threat of cyclical oversupply, which raises its head every few years, Scotland's commercial capital never seems to become grossly oversupplied. Further growth in rents and potential southward expansion of the prime office district are the main characteristics of the market this year.

Edinburgh seems to have seen an end to its embarrassing oversupply, which was a hangover from the days when devolution was a possibility. Aberdeen, however, has taken over where Edinburgh left off by providing large downtown office blocks for oil and oil-related occupiers who have mostly chosen to establish themselves on the outskirts of the city.

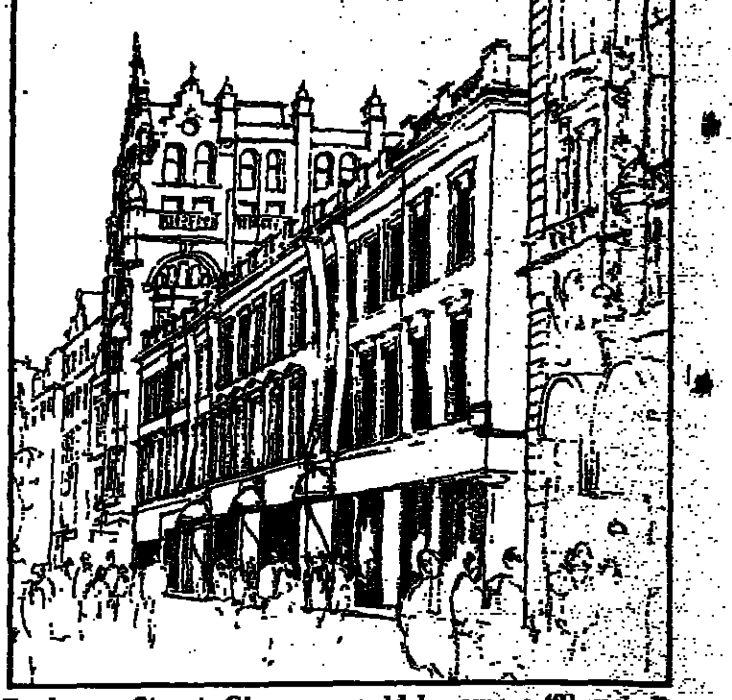
Shopping rental growth has outperformed offices and industrials in the past two to three years, Mr Fraser says. Scotland "has performed exceptionally well by UK standards, showing increases throughout the main shopping towns of 25 to 40 per cent."

Like other observers, Mr Fraser picks out the strength of traditional shopping pitches in Glasgow's Argyle Street and Edinburgh's Princes Street for special mention:

This does not, however, confound the theory that traditional prime is under threat from modern, town-centre shopping schemes and out-of-town convenience retailing. Scotland is only a little way along the road to the out-of-town revolution.

Princess Street, especially, may have benefited from the low dollar and its effect on prospective tourist income.

In Glasgow, Argyle Street has yet to feel the impact of adjacent covered shopping planned for St Enoch and Buchanan Street. In Aberdeen only one of the three covered centres which will menace Union Street eventually is open.



Buchanan Street, Glasgow, could become a "livewire" for the centre with a number of developments proposed

REDEVELOPMENT

Giving a Leg-Up towards new pride in Glasgow

THERE IS a new air of confidence in the Glasgow business community—"a new pride in the city," says Mr Ken Campbell of Jones Lang Wootton.

The Scottish Development Agency commissioned business consultants McKinsey & Co to do a study of the city centre and they came up with some exciting ideas.

A central suggestion was to create Buchanan Street as a "livewire" of the centre, with the Georgian city, home of Glasgow's prime office district, to the west and the old merchant city to the east.

Under consideration are covered squares at three intersections and the resiting of an old Gorbals church to make a feature at the northern end.

Commercial propositions for Buchanan Street include the Société des Centres Commerciaux/Standard Life Saltire scheme to the north. M Jean Louis Solal, SCC chairman, says this is still on the cards even though the competing St Enoch centre south of Argyle Street, funded by the Church Commissioners, has found an anchor tenant in Debenhams.

Further south, Guardian Royal Exchange and Teesland Developments are planning a £20m specialist shopping centre in Princes Square, off Buchanan Street. This will involve extensive redevelopment and refurbishment and high-grade shopping and catering, according to Mr Nick Roberts, a senior GRE surveyor.

The Georgian city can mainly afford to look after itself in property investment terms, although the SDA is looking for a major initiative for Anderston at the extreme south-west, with 48 acres fronting the river Clyde. Anderston is a white elephant with a mixture of residential, office property, a shopping centre and a bus station, but there is talk of a £25m scheme to revamp it.

Under way in the same general area are the garden festival site on Princess Dock and the exhibition centre directly across the river.

The merchant city, east of Buchanan Street, is an area of urban decay. It is getting the right sort of initiative via LEG-UP, an acronym for local enterprise grants for urban projects.

> "We are starting to look at projects which will bring in tourists, jobs and add vitality."

Mr Colin Morris of the SDA explains: "What is happening in the merchant city is the result of a conscious decision by the Glasgow District Council, supported by the SDA, to encourage private initiative and investment with improvement grants and government subsidies."

The initial schemes involved conversion of warehouses and some houses into private flats. The next stage was mixed use, tending towards residential and specialist retailing.

"We are starting to look at projects which will bring in tourists, jobs and add vitality," Mr Morris said.

Under consideration are a fashion centre combining design, wholesaling and retailing. "Glasgow produces a lot of good designers, and they are generally stolen by London, Paris or Milan," he says.

A design group would fill a gap in the market, and be well located in the lively, cosmopolitan place which the merchant city is intended to become. The development would also incorporate a costume museum.

"We would need a very innovative financial package," Mr Morris says. "We would hope to get the local business and banking communities to provide the money."

At Ingram Square, in the heart of the merchant city, what was going to be a flats redevelopment of the Houndsditch site has been transformed into a major scheme which will be effectively a village.

The rectangle of buildings dates back to 1870. Many are listed, with the ornate facades typical of the merchant houses of the day, and austere interiors. They vary from five to nine storeys.

Kantel Developments, together with LEG-UP, the SDA and Glasgow District Council, will provide 230 flats, 16 shops and a theatre. Around the theatre will be two inner landscaped courtyards, one for parking and the other a garden with illuminated fountains.

Mr Morris emphasises that LEG-UP is not restricted to Glasgow. It is supporting other schemes at Leith, Arbroath, Stirling, Edinburgh, Hawick and Greenock.

1985 Rating Revaluation

	Rateable value % increase	Rates payable % change
EDINBURGH		
Shop—		
Princes Street	152.22	+ 38.91
St James Centre	172.00	+ 19.08
Nicholson St.	277.05	+107.67
Factory—		
Causewayside	143.16	+ 33.91
Office—		
Queen Street	60.60	— 11.55
Hanover St.	110.69	+ 16.04
ABERDEEN		
Shop—		
Union Street	238.64	+ 30.85
Market Street	214.27	+ 40.07
Office Albert St.	200.25	+ 33.75
Industrial Unit—		
Howe Moss Dr.	150.52	+ 11.66
GLASGOW		
Shop—		
Argyle Street	188.76	+ 46.17
Buchan Street	139.18	+ 21.08
Office—		
St. Vincent St.	153.24	+ 28.19
Industrial—		
Stafford Street	45.92	— 30.12
A8 Estate	69.04	— 19.44
	44.31	— 31.22
Prestwick	120.71	+ 00.98
	70.81	— 20.82

Figures calculated before Government's £50m first-year relief announced.

Source: Kenneth Ryden & Ptnrs.

RATING REVALUATION

Burden may stifle expansion

THE 1985 Scottish rating revaluation has produced an outcry from commercial and residential ratepayers and a promise of a £50m government package to mitigate the impact in the first year. This outcry has been forewarned when agents Herring Son & Daw forecast before the revaluation came into effect last month a big shift in the rates burden.

Shops in prime high street locations would be a target for increases, although local shops might pay less rates than in 1984-85, according to Mr Nick Arthur, in a report by the firm.

"Small, modern high technology factory units could be faced with substantial increases" while large, old factories and mills in depressed areas could benefit.

"The same situation may apply to offices, but it very much depends on how rents have increased on a building since 1978."

He pointed out that if Scottish companies wanted to appeal against their rates assessment, it was vital that this should be done by September 15.

"If you do not lodge your appeal within this period, you may have to wait until the next revaluation."

Economic consultants PEIDA say the overall rates burden has increased substantially due to the reduction in rate support grant and the determination of some councils to maintain or increase expenditure. Industrial companies are also hit by the reduction of the industrial derating by 10 per cent.

"We can identify reluctance by employers to expand or locate in areas with high rates liability," they say. "We have received requests from companies to investigate the benefits of moving out of such areas."

Rates on certain categories of properties in 1985 will be less than the previous year, mainly industry and Edinburgh city centre offices, PEIDA say.

"This can be attributed to substantial increases incurred at the previous revaluation. The general trend is in an upward direction, however, well in excess of the level of inflation."

House of Fraser will pay rates of £5 a foot in Glasgow against £2 in Birmingham, according to Mr Ken Campbell, of surveyors Jones Lang Wootton and Callendar, on the tourist trail in the Trossachs, will force a rates bill up 500 per cent as a result of revaluation.

"These rates are crippling," he says. "We are wading knee-deep in rating appeals. Are you really going to get retailers coming into ambitious central Glasgow redevelopment schemes when this sort of thing is going on?"

Agents Fuller Peiser say it is "highly likely" that the assessors have got their sums wrong. The firm has achieved a 20 per cent reduction in rateable values on appeals they handled after the 1978 revaluation. One food business client made a saving of 41 per cent.

RETAILING

Winners and losers in hunt for sites

DEVELOPERS ARE "climbing over themselves" to get into retail schemes, says Mr Ken Campbell of surveyors Jones Lang Wootton. "The only problem is to find the sites."

Because of this there are winners and losers—or late developers—in the letting markets.

Mr Jim Gillespie, managing director of the GA Group, walked away with this year's International Council of Shopping Centres' design award for the Cameron Toll centre in Edinburgh. He got it not for an inspiring piece of architecture but for a combination of location, effective design, an almost unprecedented pre-letting success and, it is understood, a juicy investment sale.

Cameron Toll is 1½ miles south of the Princes Street prime pitch, which has a major car parking problem.

The 250,000 sq ft scheme incorporates a 125,000 sq ft SavaCentre and a busy food court, managed by AB Foods, which may have further prospects in this area.

"It is a highly economic, tight centre." Mr Alan Martin of joint agents Montagu Evans says. "It looked right from the day it was conceived.

"We have the right magnet in SavaCentre: I now doubt the draw of department stores in out-of-centre locations—with exceptions like John Lewis, of course."

Montagu Evans were commissioned to do a shopping study before the planning application and reckon they got the shopping mix 90 per cent right. Absentees were a major variety store and an up-market fashion trader, which since Cameron Toll opened have become more interested in space.

In the centre of Edinburgh and in Argyle Street, Glasgow's traditional prime pitch, surveyors Kenneth Ryden see revival of tenant interest as one of the most significant features in the past six months.

"The takeup of vacant shops is almost complete," says Mr Willie Henderson, their shops partner. "For the first time in a number of years competitive demand is forcing rents up again." This was confirmed by Ryden's letting of 88, Princes Street to British Shoe Corporation, trading as Olympus, he says.

The Waverley centre is at the right (east) end of Princes Street but on the wrong side of the road and has been slow to let. Waverley Market was funded by the Reed pension funds and conceived as a 70,000 sq ft speciality centre and tourist trap.

Mr Ted Webster of surveyors Richard Ellis says they have had to turn down potential tenants: "We are not looking to sell nylon shirts there." But Waverley is now more than 65 per cent let, and more than 50 per cent occupied, he adds.

Perhaps judgment should be reserved till the centre has at least one tourist season and another Christmas under its belt.

The £20m Princes Square speciality shopping centre proposed by Guardian Royal Exchange and Teesland Developments in Glasgow

There is a parallel situation in Aberdeen where the St Nicholas Centre, developed by GUS, is anchored by Marks & Spencer and John Menzies. Mr David Young, senior partner of local agents FG Burnett, says every unit has been taken before the centre has opened.

Across Union Street, and with relatively limited access for shoppers, Norwich Union's Trinity Centre is open and part-empty. But Mr Young sees hope as adjacent office blocks by the harbour are let.

He wonders whether Bredero's long-standing plans for George Street, a northern neighbour to the St Nicholas Centre, have been overtaken by events. But Bredero has hung on for a long time and Mr Sandy Cook, its local director, is still excited by the prospects.

He thinks that the proximity to the St Nicholas Centre will work in George Street's favour. Bredero has also learned from its highly commended Ashley Centre at Epsom, and has adjusted its car parking accordingly, he says. The proposed 1,000 car parking spaces would double what is available in the centre of Aberdeen.

Off-centre action

GLASGOW is waiting for action on proposed central developments like St Enoch, the Saltire and Buchanan Street — including GRE's speciality centre in Princes Square. But it is also seeing a lot of off-centre activity.

There were rival proposals for the east end last November and now Richard Ellis, as development consultants, have come up with plans for the south side, described as the "new Gorbals."

City-link (Development), has submitted an outline planning application to develop a 200,000 sq ft shopping centre at Hutchesontown. The site is about 1½ miles south of the city centre and "highly accessible for both car-borne and public transport shoppers," Ellis says.

The food-oriented development will have a major store of approximately 90,000 sq ft, a 20,000 sq ft secondary anchor, two variety stores and 20 standard units.

The "travelling shopper" is being courted, with approximately 1,500 car spaces.

Shift in demand tested

TESTING THE strength of the southern shift of central Glasgow office demand is Westergate, a 140,000 sq ft scheme by Developments Commercial and Industrial (Holdings) and Lilley Developments on a site bounded by Wellington Street, Hope Street and Argyle Street.

The £19m building is being handled by Montagu Evans and DCI's in-house marketing operation, Permac Property & Marketing Services.

Patsy Dewar Gibb, Permac managing director, highlights the building's quality and finishes, services and technology. But given DCI's abrasive encounters with some property professionals, it is interesting to see what they make of it:

"It stands a chance. They have built a high quality office," according to Mr Ted Webster, of Richard Ellis.

"Difficult to let but I would love to get my hands on it. It is the biggest scheme at the moment," said Mr Ken Campbell, of Jones Lang Wootton.

OFFICES

Oversupply threat fades

A YEAR ago property professionals in Glasgow were predicting year-end rents of £7.50 a square foot for prime space, and worrying about potential oversupply. Today they say £8 will be reached in a matter of months, the oversupply threat seems to have disappeared and prime may need to be redefined.

Lambert Smith & Partners said in March that there was a shortage of prime space.

"Of the approximate 224,000 sq ft of unlet accommodation scheduled for completion during 1985, only about 25,000 sq ft occupies locations recognised as truly prime," they said.

"We will monitor with interest whether fringe buildings can emulate the 1984 success of others in drawing occupiers off prime."

Mr Ted Webster of Richard Ellis says Glasgow offices provide the best property market in Scotland. "The central core of the city provides the right address but the wrong property," he says, in an echo of City of London experience.

"Most accountants, solicitors, and service industries have either relocated or are seeking to do so."

Demand is pushing through 400,000 sq ft a year against a five-year average of 300,000 sq ft. Tenants are moving south of Bothwell Street, the traditional southern boundary for prime offices and only one building remains which is suitable for an occupier needing 30,000 sq ft.

Ellis itself has just moved a couple of blocks south of Bothwell Street to Pacific House on the corner of Cadogan Street and Wellington Street, where the legal partnership McGrigor, Donald & Moncrieff, has taken four of the 8,500 sq ft floors.

Some 50,000 sq ft on four to six floors is probably the optimum current office development for Glasgow, Mr Webster says. But tenants have become extremely selective and "very good addresses have been lying unlet."

In Aberdeen Mr Rod Miller, of Drivers Jonas, thinks that worries about a glut of office property are exaggerated.

"Each year net demand is some 200,000 sq ft, a consistent figure considering what a single large letting can do. At the moment we have 600,000 sq ft lying empty — three years' supply. But people don't go shopping in an empty store."

Large open-plan developments account for almost 300,000 sq ft of the empty space. "That is what alarms a lot of people," he says. But he says 70,000 sq ft of this has been let recently.

But Mr David Young, senior partner of local agents F. G. Burnett sees a problem in the same figures. He was responsible for the recent lettings (to oil or oil-related concerns) and sees demand for another 50,000 sq ft at least. However, he thinks that most major companies have already established themselves in Aberdeen, and points out the self-sufficiency of various tenants such as Marathon, Conoco, BP and Shell.

"Britoil moved into 192,500 sq ft at the Hill of Rubislaw last December with the right to double that. I haven't advised anyone to build speculatively for three years," he says.

"We are facing the same situation in offices as we did in industrial property. Offices are likely to be a longer-term problem. I don't think there will be major office development in Aberdeen for some time."

Surveyors Kenneth Ryden see renaissance in Edinburgh, with an annual takeup of 400,000 sq ft against 200,000 to 250,000 sq ft in the early 1980s.

Mr Charles Guest is predicting top rents of £7 to £8 a sq ft over the next 12 to 18 months and the city's long and embarrassing period of oversupply seems to be over.

INDUSTRY

Aggression yields results

THERE IS a gross oversupply of Scottish industrial property in both the public and the private sectors, says Mr Chris Aitken, general manager of property for the Scottish Development Agency.

Mr Aitken does not agree that the market is dead, however. The SDA, which looks after 24m sq ft and 2,000 tenants, has switched to an aggressive marketing strategy over the past couple of years and the results are beginning to show.

In the financial year 1983-84, the Agency sold a record £5.3m worth of industrial property, Mr Aitken says. It expects to have managed £20m of sales in 1984-85.

"This reflected industry's will to acquire but also that the property division of the SDA was up and running," he says. "We have sold approximately 90 factories in the past financial year against 50 the year before that."

In April 1984 the agency made its biggest-ever deal in space terms, selling a 960,000 sq ft factory on the Hillington Industrial Estate to Rolls-Royce, the sitting tenant, for £2.77m.

It might be suggested that anyone could sell land and buildings to a sitting tenant at less than £3 a foot—less than rent paid elsewhere—but RR was a major tenant with only seven years of its lease left, and had just vacated an office building on the estate.

The SDA was concerned to keep the company in Scotland and, with Jones Lang Wootton as consultants, to keep Hillington alive and kicking.

"Rolls-Royce was critical to the future of Hillington," said Mr Ken Campbell of JLW. He is talking to major international organisations as potential development partners in Hillington and the adjacent Cardonald estate.

"This is the biggest piece of real estate brought on the market in Scotland," he says. The SDA owns about 2.8m sq ft on 432 acres, employing 7,000 people traditionally based in the heavy and light engineering industries. Only in the past two years has it allowed other users.

Last month the SDA clinched its biggest sale in terms of money with another sitting tenant — 185,000 sq ft on the South Gyle estate in Edinburgh went to Ferranti for £4.9m.

Ferranti has been increasing its commitment to the 10.78-acre site since it moved into an initial 27,000 sq ft nearly eight years ago. The SDA built and owned the property.

"In the course of negotiating new building, we may sell developments on to institutions, or sell to sitting tenants," Mr Aitken says. However, he emphasises that the agency's primary objective is to complement, not to displace, the private property sector.

PROPERTY IN SCOTLAND

Increase in space take-up

IMPROVEMENTS in take-up of industrial space have been variable, according to Kenneth Ryden and Partners latest Scottish industrial and commercial property review and Drivers Jonas' survey of Aberdeen.

Ryden say: "There is evidence of a net reduction in the amount of new and modern accommodation available in the east of Scotland. Many developers are now prepared to offer only nominal rent-free periods, and extended rent-free periods are no longer available.

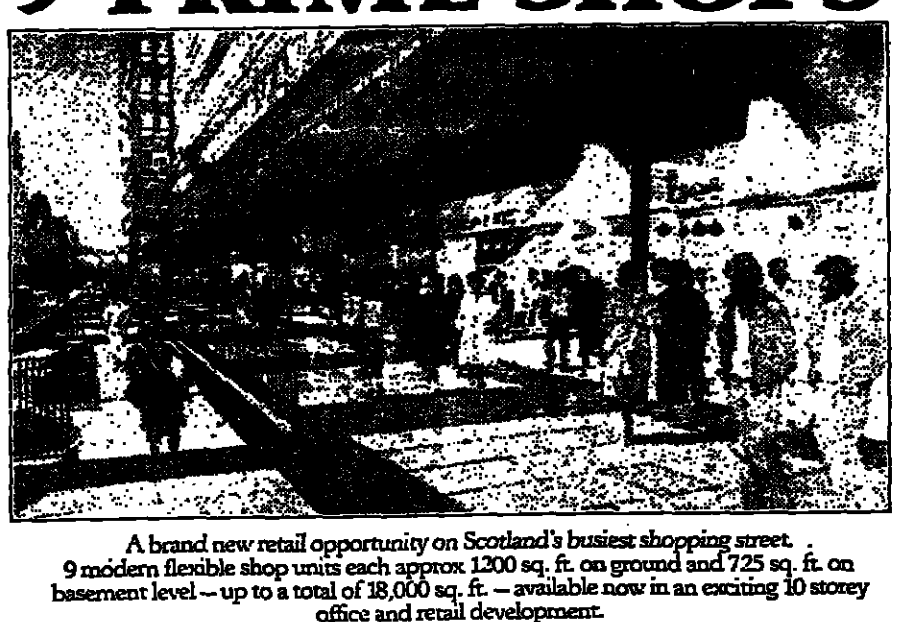
"Slight rental growth has resulted, and genuine rents in excess of £2 per sq ft are being achieved in Edinburgh. The average rent review for a good modern unit in Edinburg is now £1.92 per sq ft."

For Glasgow and the west of Scotland, Ryden say. "The anticipated resurgence of interest in industrial accommodation did not materialise in the latter months of 1984. However, this was more than compensated for by an exceptional three-month period from January to March 1985."

They calculate that about 283,000 sq ft was let. "The majority of units let were within the 1,500-2,500 sq ft range, generally taken by new local companies or small satellite operations of larger companies based south of the border."

Aberdeen has been unusually buoyant. Drivers Jonas say that lettings and sales of industrial property between August 1984 to February 1985 totalled almost 400,000 sq ft — "a level of demand not exceeded since the equivalent period in 1978-79."

They say that only 190,000 sq ft (some 85 per cent of which was new or to modern standards) was placed on the market during the period — "the lowest figure since our records began in 1976."



THE PROPERTY MARKET

BY MICHAEL CASSELL IN HONG KONG

Exchange Square: a symbol of revival

SPARE A thought this morning for the hard-working employees of Ying Kong enterprises up on the 15th floor of Grand Building in Hong Kong's Connaught Road.

No longer can they glance out across the Victoria Harbour to Stone Cutter's Island and beyond, towards the Chinese mainland. For them, one of the most spectacular views in the world has gone—shut off by a 600 ft wall of rose granite, stainless steel and silver glass.

The culprit is Exchange Square, the complex which owners and developers Hongkong Land are moved to describe as the most outstanding office building in Asia and one of the best in the world.

The April disclosure that just over 30 per cent of the floorspace in the 1.2m sq ft first phase has now been let has worked wonders, not only for Land's morale but for confidence throughout the local market. Since last month's announcement, the percentage spoken for has already risen closer to 40 per cent and names like the NatWest Bank are understood to have joined the tenant list.

The tale of the twin, 52-level towers, designed by Remo Riva as though Land's pockets were bottomless instead of empty, is a dramatic as the building itself. It was in February 1982, just as the Hong Kong property market went over the top, that Land acquired the waterside development site for HK$ 4.75bn (£480m) and started work on the project. By the time it is complete, it will have cost around HK$ 8.5bn.

The higher the building went, the lower property values and rentals sank. The Hong Kong market, swamped with space and political uncertainty, promptly fell apart. By the time David Davies arrived as the new chief executive in October 1983, a share price which had seen HK$ 12 in 1981 was down to around HK$ 2.30, having halved in value in three months. Exchange Square began to look like a white elephant capable of trampling its own master.

Davies realised Land was in too far to get out and decided that, if the project stood any chance of success, it had to be the best. As a result, a development incorporating the latest in communications and data services, is likely to have cost twice as much as a less amitious speculative building on this scale.

While construction went ahead, the company embarked on a marketing campaign which, for Land — a property owner more used to screening its tenants than searching for them — was a whole new experience. In a HK$ 20m promotional push, the company set out to sell Exchange Square and Hong Kong itself.

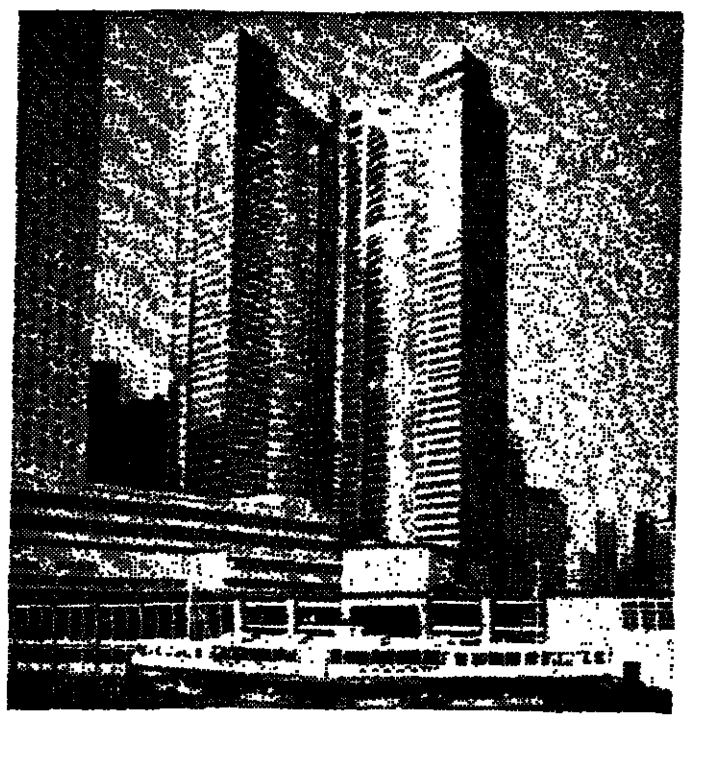
When the completed towers were topped out last June, there were plenty of forced smiles. The property market was still in very bad shape and the political future remained uncertain. Shortly after the topping out ceremony, Land's share price hit bottom at HK$1.99.

But the Anglo-Chinese draft agreement in September was the turning point for confidence and tenants began to appear. Land says deals have been done in the HK$19-23.50 per square foot per month range, although Jeremy Priestley, a managing director of Hongkong Land Property concedes that rent-free periods in some cases extend to the end of 1985. Loans have also been made to help meet fitting out costs.

Priestley adds: "It is perfectly true we are giving extensive rent-free periods. Some of the new tenants already occupy our buildings and have leases which expire soon. We want them in Exchange Square as soon as possible so we are picking up what remains of their lease obligations."

The market reckons that deals struck reflect rents of HK$16-18 a square foot against rents of over HK$30 a square foot during the 1981 peak. Predicated on still higher rents, Exchange Square is doing no end of good for Land's morale but its constribution to the company's financial revival is somewhat less useful. At least there will be plenty of 3-year rent reviews, and the lettings have helped the share price back up to around HK$6.

The company says it hopes to have the twin towers fully occupied by the end of 1987, though privately it is looking at the summer of that year. Letting agents Jones Lang Wotton are going for the end of 1986. Work is now starting on the final, 322,000 sq ft phase and hopes are high for a prelet soon which could account for half the floorspace.



For Exchange Square's tenants, the satisfaction of occupying the best building in town must be heightened by their knowledge that, had events worked out differently, it could have cost twice as much.

In Hong Kong, however, things move fast and complacency can be dangerous. Now there is talk of filling in yet more of Central District's waterfront to create further develop-land. Perhaps it is a little too fanciful to wonder how long it will be before the tenants of Exchange Square, like Ying Kong Enterprises behind them, have to face up to losing their view.

A long way to go in recovery

THE YEAR of the Ox is, for the local property market, proving a good deal more palatable than the year of the Rat. Optimism has replaced outright despair and a succession of land sales and lettings has helped restore confidence.

But the property sector has been left badly mauled by recent events.

As David Gledhill of Swire Properties puts it: "A recovery is undoubtedly under way but there is a long way to go. You can see the debris still littered around with plenty of banks holding property developed by casualties of the crash. Some of the banks are already getting inflated ideas about what these buildings are worth."

Swire has itself been instrumental in helping to restore confidence, having just purchased the Queen's Way development site close to Victoria Barracks in Central Hong Kong—not the best location in town—for a price which has gone some way towards confirming the revival.

According to Gledhill: "Things are moving the right way again and if interest rates come back further, the improvement will accelerate." Jeremy Stewardson of Jones Lang Wootton says regional interest has picked up: "Last September there were 40 international banks represented in Singapore which had no base in Hong Kong. We have since had inquiries from over 20 of them and six have already established themselves. Indonesian banks have joined in and the level of Japanese investment is moving up again."

People like Stewardson emphasise, however, that demand for floorspace remains fairly thin, with local companies not yet contemplating significant expansion. Reorganisation is creating some demand, however.

No-one expects the real estate market to take off as it did before. George Doran of Collier Petty, the local agents, says the overall improvement—so far most noticeable in the luxury residential market—is likely to gather pace slowly: "We are in for a reasonably stable period. Some oversupply wil be useful in helping to dampen things down."

Office locations like Tsimshatsui on the Kowloon Peninsula have fared best so far, with high vacancy rates now replaced by a shortage of accommodation that is pushing rents back up towards HK$10 a sq ft per month. In Tsimshatsui East they have climbed as high as HK$15 a sq ft, almost back to the 1981 peak, while in Wanchai they are around HK$10 a sq ft compared with an all-time high of HK$16 a square foot.

At the heart of Hong Kong's commercial market in Central, most rents have recently remained flat, at well under HK$20 a sq ft, less than two-thirds of the prices being achieved before the market turned sour. According to Stewardson: "top office rents will not get back to past levels for a very long time. They could touch HK$28 a sq ft by 1988."

Apart from Exchange Square, which alone represents up to three years' take-up in Central, there are few new speculative schemes coming through in prime locations.

But the market will have plenty of secondhand space to cope with following the completion, later this year, of the controversial Hongkong Bank headquarters building in Queen's Road. The 1m sq ft project—now likely to cost HK$4.8bn—will lead to the release of up to 300,000 sq ft of space currently used by the bank in other buildings.

As though that were not enough, the Government is also due to vacate large amounts of central office space when it takes occupation of its new waterfront building within the next year. Further down the line, projects like the Shun Tak Centre above the new Macau ferry terminal will further boost supply, as will the 1m sq ft Admiralty Two complex, Swire's Queen's Way building, Land's Harcourt House, the third phase of Exchange Square and the Bank of China building. In 1988, over 4m sq ft of office floorspace will come on stream, hence land's decision to bring through the rest of Exchange Square before that date.

The deevlopers are counting on Hong Kong's growing role as the gateway to China to provide them with the next generation of tenants. That gate, however, opens both ways. Already, the Chinese are buying up smaller office developments and hotels in some of the less obvious locations, a trend which has been stepped up over the last nine months.

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CARDIFF

Cooke and Arkwright, 7/8 Windsor Place, Cardiff CF1 3SX. Tel: (0222) 398151.

Powell & Powell, 6-7 St John's Sq, Cardiff CF1 2SB. Tel: 27686.

BRIDGEND

David E. Little Partners, Chartered Surveyors, 38a Caroline St, Mid Glam. Tel: (0656) 58445.

SCOTLAND
ABERDEEN

Burnett (F. G.), Chartered Surveyors, Valuers & Estate Agents, 33 Albyn Place, Aberdeen AB9 8SA. Tel: (0244) 572661.

James R. Thomson (Properties) Ltd., Surveyors, Valuers & Estate Agents, 23 Crown Street, Aberdeen AB1 2HA. Tel: (0224) 931717.

Webster and Co (Chartered Surveyors), 60 Union Street, AB1 1BB. Tel: (0224) 631717.

Kenneth Ryden & Partners, Chartered Surveyors, 201 Union Street, Aberdeen. Tel: 0224 584308.

EDINBURGH

Hillier Parker May and Rowden, 5 South Charlotte Street, Edinburgh. Tel: 031-226 5321.
Kenneth Ryden & Partners, 71 Hanover Street, Edinburgh. Tel: 031-225 6612.

GLASGOW

Kenneth Ryden & Partners, 154 West George Street, Glasgow. 041-333 0065.

Webster & Co, 21 West Nile Street, Glasgow. Tel: 041-2040771.

PLANT & MACHINERY

Airey Entwistle, 28/34 Cross St., Manchester M2 7AQ. Tel: 061-834 9177.

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Henry Butcher & Co., Auctioneers and valuers, Brownlow House, 50/51 High Holborn, London WC1V 6EG. Tel: 01-405 8411. Telex: 897737. Also at Birmingham, Bristol, Leeds.

Colebrook Evans & McKenzie, 5 Quality Court, Chancery Lane, London WC2A 1HP. Tel: 01-242 1362. Telex 28174. Specialist Auctioneers and Valuers to the Printing Industry.

Colliers Bigwood & Bewlay, plant and machinery valuers and auctioneers, 84 Colmore Row, Birmingham B32 HG. Tel: 021-238 8477. Telex: 335146. Offices at London, Oxford, Banbury and Stratford upon Avon. Associated offices in Australia, Canada, USA and the Far East.

Eddisons, Chartered Surveyors, Industrial Building, Plant and Machinery Auctioneers and Vlrs., 10 Greek Street, Leeds LS1 5RZ. Tel: (0532) 430101. Also at Huddersfield, Bradford and Halifax.

John Foord, Industrial and Commercial Surveyors, Valuers and Auctioneers of Industrial Property, Plant & Machinery in the UK & abroad for 150 years. 61 Queen's Gardens, London W2 3AH. Tel: 01-402 8381. (Est. 1828.) Telex 28712.

Fuller Peiser, Chartered Surveyors, Thavies Inn House, 3-4 Holborn Circus, London EC1N 2NL. Tel: 01-353 6851. Telex: 25916. Sheffield (0742) 750161. Telex: 547098, and Edinburgh. Associated offices: New York, Los Angeles, Toronto, and 20 other offices throughout USA and Canada. Industrial and Commercial Valuers, Appraisers and Auctioneers for property, plant and machinery. Rating, Insurance, Project and Property Management Agency and Investment Services.

Grimley & Son, 2 St. Philip's Place, Birmingham 3. Tel: 021-236 8236. Also at King St., Covent Garden, London WC2E 8HN. Tel: 01-836 9654, and 9 St James's Square, Manchester M2 6DN. Tel: 061-834 7187.

Industrial Plants Corporation (UK) Ltd., Auctioneers and Valuers of Plant and Machinery, 71a Salisbury Street, Hull HU5 3DU. Tel: 0482 492872. Telex: 527562. Established USA 1919.

ITEB Valuation Services, Valuers of Plant & Property UK & worldwide, Longridge House, Manchester M60 4DT. Tel: 061-833 9282.

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Edward Rushton Son and Kenyon (Est. 1855), Valuers, Auctioneers and Loss Assessors, 10 Carlos Place, Grosvenor Sq., London W1Y 6HA. Tel: 01-493 6787. Offices in the UK, Ireland, Australia, New Zealand, South East Asia, Africa and USA.

Smith Melzack, Surveyors, Valuers and Estate Agents, 17/18 Old Bond St., W1. Tel: 01-493 1613.

Edward Symmons & Partners, Auctioneers and Valuers, 56/62 Wilton Road, London SW1V 1DH. Tel: 01-834 8454. Telex: 8954348. And at Manchester & Liverpool.

Walker Walton Hanson, Chartered Surveyors, Valuers and Auctioneers of Plant and Machinery throughout the United Kingdom. Byard Lane, Nottingham (0602) 586181. And at West Bridgford (Nottingham), Mansfield, Sutton in Ashfield, Melton Mowbray and Oakham.

Weatherall Green & Smith, Chartered Surveyors, Valuers and Auctioneers of Plant and Machinery throughout the UK. 22 Chancery Lane, London WC2A 1LT. Tel: 01-405 6944.

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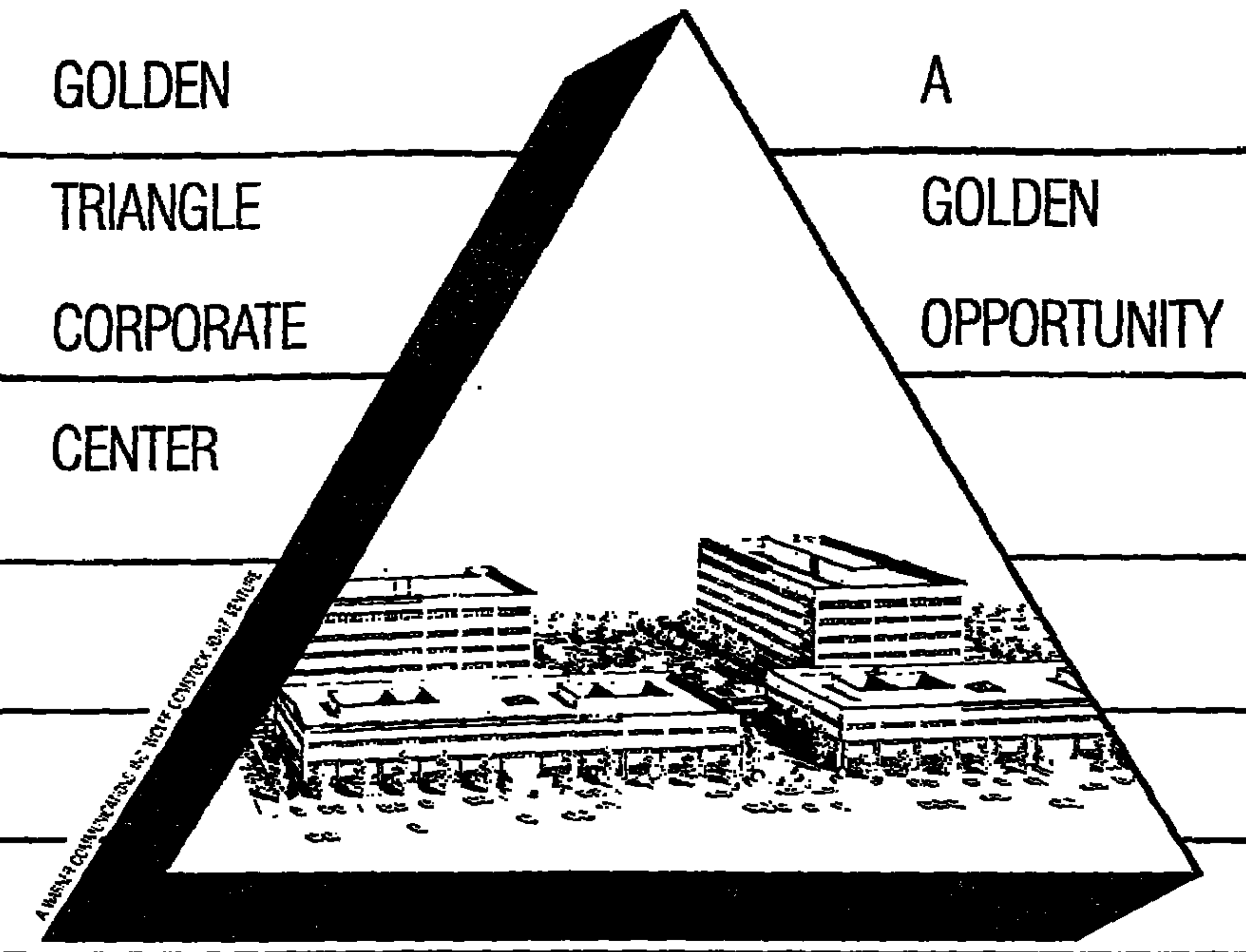

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Company Notices

UNILEVER N.V.
DIVIDEND ON CERTIFICATES FOR ORDINARY CAPITAL
ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR

Final dividend payments in respect of the year 1984 will be made on or after 28th May 1985 as follows:—

SUB-SHARES OF FL.12
IN THE NAME OF MIDLAND BANK EXECUTOR AND TRUSTEE COMPANY LIMITED
now MIDLAND BANK TRUST COMPANY LIMITED

A dividend, Serial No 114 of Fl.5.67 per sub-share, equivalent to 129.2013p converted at Fl.4.3885 = £1.

DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A resident of a convention country will, generally, be liable to Dutch dividend tax at only 15% (Fl.0.8505, 19.3802p per sub-share) provided the appropriate Dutch exemption form is submitted. No form is required from UK residents if the dividend is claimed within six months from the above date. If the sub-shares are owned by a UK resident and are effectively connected with a business carried on through a permanent establishment in the Netherlands, Dutch dividend tax at 25% (Fl.1.4175, 32.3003p per sub-share) will be deducted and will be allowed as credit against the tax payable on the profits of the establishment. Residents of non-convention countries are liable to Dutch dividend tax at 25%.

UK INCOME TAX at the reduced rate of 15% (19.3802p per sub-share) on the gross amount will be deducted from payments made to UK residents instead of at the basic rate of 30%. This represents a provisional allowance of credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK.

To obtain payment of the dividend sub-share certificates must be listed on Listing Forms obtainable from:—
Midland Bank plc, Stock Exchange Services Dept., Mariner House, Pepys Street, London, EC3N 4DA
Northern Bank Limited, 2 Waring Street, Belfast BT1 2EE
Allied Irish Banks Limited, Securities Dept., Stock Exchange, Bank Centre, Ballsbridge, Dublin 4
Clydesdale Bank PLC, 30 St Vincent Place, Glasgow.

Separate forms are available for use (a) by Banks, UK firms of Stockbrokers, Solicitors or Chartered Accountants (b) by other claimants. Notes on the procedure, in each case, are printed on the forms.

DUTCH CERTIFICATES OF FL.1.000, FL.100 and FL.20

A dividend of Fl.9.45 per Fl.20 against surrender of Coupon No 114. Coupons may be encashed through one of the paying agents in the Netherlands or through Midland Bank plc; in the latter case they must be listed on the special form, obtainable from the Bank, which contains a declaration that the certificates do not belong to a Netherlands resident. Instructions for claiming relief from Dutch dividend and UK income tax are as set out above except that UK residents liable to Dutch dividend tax at only 15% must submit a Dutch exemption form. Dutch dividend tax on this dividend is Fl.2.3625 at 25% and Fl.1.4175 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a convertible florins account with a bank or broker in the Netherlands.

A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and convention countries, can be obtained from Midland Bank plc at the above address or from the London Transfer Office.

N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR
London Transfer Office, Unilever House, Blackfriars, London EC4P 4BQ.
16th May 1985.

COMMERZBANK
PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 15th May, 1985 a Dividend for the year ended 31st December, 1984 will be paid, as from 17th May, 1985 of DM.6.00 per share of DM.50 nominal held, against presentation of Coupon No. 43 or lodgement of new London Deposit Certificates for marking Square No. 6.

All dividend payments will be subject to a deduction of German Capital Yields Tax at 25%.

Coupons and London Deposit Certificates should be lodged with:
S. G. WARBURG & CO. LTD.,
Bond Department,
33, King William Street,
London, EC4R 9AS.
from whom appropriate claim forms can be obtained.

Coupons will be paid at the rate of exchange on the day of presentation.

Payment in respect of the London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of the dividend on the equivalent shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 15% unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agent will, upon request, provide shareholders or their agents with the appropriate form for such recovery.

COMMERZBANK AKTIENGESELLSCHAFT
17th May, 1985.

SOCIÉTÉ CIVILE DES PROPRIETAIRES D'OBLIGATIONS
11, Boulevard des Italiens, Paris (2ème)
B.S.N.
previously Compagnie Gervais-Danone

FRF 100,000,000
5% BONDS DUE 1987

NOTICE OF CONVOCATION

The General Assembly of the holders of the 5% 1972-1987 Bonds of a nominal amount of FRF 5 000 each issued by Compagnie Gervais Danone and convertible into shares of B.S.N. is convoked on June 5, 1985 at 11 a.m. at the Head Office of B.S.N. situated at 7 rue de Téhéran 75008 Paris, with the following agenda:
1) report of the B.S.N. Board of Directors.
2) formal approval by the Bondholders of the shareholders' decision to waive their priority right to subscribe convertible Bonds which the Board of Directors is authorised to issue in France or outside France up to a maximum amount of FRF 7.500.000.000 or the equivalent amount in any other currency.
3) formal approval by the Bondholders of the shareholders' decision to waive their priority right to subscribe shares which shall be issued up to a maximum nominal amount of FRF 3.000.000 after the staff of B.S.N. has exercised its option to subscribe such shares.
4) determination of the premises where the attendance list, the minute of the meeting and its attached schedules shall be deposited.

In order to attend, or be represented in, this assembly the Bondholders will have to deposit their Bonds at least five days prior to the date of the meeting with the banks or institutions having participated in the selling of the Bonds or with CEDEL S.A., 67 Boulevard Grande Duchesse Charlotte in Luxembourg. Proxies in French language as well as the report of the Board of Directors which shall be made to this assembly are available at such banks, institutions and at CEDEL S.A.

B.S.N.
Board of Directors

NOTICE OF MEETING
of Marine and General Mutual Life Assurance Society

NOTICE IS HEREBY GIVEN to the MEMBERS that the 133rd Annual General Meeting of the Society will be held at MGM House, Heene Road, Worthing, West Sussex on Wednesday 19 June 1985 at 12.30 pm for the following purposes:
1. To receive the Directors' Report and Financial Statements for the year ended 31 December 1984.
2. To consider the election of directors.
(i) The following directors retire by rotation and being eligible offer themselves for re-election.
(a) Lord Denman, CBE, MC
(b) Sir David Woodbine Parish, CBE
(c) Mr G. W. Pitman
(ii) Since the last Annual General Meeting the board appointed Mr P. G. Headey a director. He now retires and offers himself for re-election.
3. To re-appoint K. M. G. Thomson McLintock as auditors of the Society and to authorise the directors to fix their remuneration.
4. To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:
That as from the 1 July 1985, fees payable to each Director shall be at such rate not exceeding £7,500 per annum and proportionately for any lesser period than one year as may be determined from time to time by the Board of Directors. In addition there shall be payable a sum not exceeding £20,000 per annum to be divided between the Chairman and the Directors with special duties in such proportion and in such manner as the Directors may from time to time determine.
5. Any other business.
By Order of the Directors
I. SUTTON, Secretary
17 April 1985
Each member may attend and vote in person or by proxy at meetings of the Society. A proxy need not be a member of the Society.

SOCIETE GENERALE
$ US 200.000.000,- SUBORDINATED FLOATING RATE NOTES DUE 1994

For the six months, May 7, 1985 to November 6, 1985, the rate of interest has been fixed at 9 1/8 % P.A.

The interest due on November 7, 1985 against coupon nr 2 will be $ US 446,39 and has been computed on the actual number of days elapsed (184) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
Sterling Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 14th May, 1985 to 14th August, 1985 has been fixed at 12¼ per cent per annum.

On 14th August, 1985 interest of sterling 151.47 per sterling 5,000 nominal amount of the Notes, and interest of sterling 807.36 per sterling 25,000 nominal amount of the Notes, will be due against Coupon No 3.

SWISS BANK CORPORATION INTERNATIONAL LIMITED
Reference Agent

HONEYWELL INTERNATIONAL FINANCE N.V.
US$100,000,000
10¼ per cent Guaranteed Debentures 1990

Holders of these Debentures are advised that copies of the Financial Statements for the year ended 31st December, copies of the Honeywell Inc. Annual Report 1984 are available from:
S. G. Warburg & Co. Ltd.,
Bond Department,
33, King William Street,
London, EC4R 9AS
17th May, 1985

Money Market Cheque Account Jersey

Gross Rate	Compounded Annual Rate
12.05	12.74

(Minimum balance £2500)
Annual Report and Accounts available on request.
Manager: Ronnie Horne
4, Don Road, St. Helier, Jersey. Tel: 0534 38855.
BANK OF SCOTLAND
(Incorporated in Edinburgh, 1695)

Art Galleries

OMELL GALLERIES, 22 Bury Street, SW1. Tel: 01-839 4274. EXHIBITION OF MARINE PAINTINGS 13th May - 24th May. Mon-Sat 10-6 pm.

THACKERAY GALLERY, 18 Thackeray St, W8 937 5883. KYFFIN WILLIAMS—Recent Paintings. Until 31 May.

Personal

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THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
17	18	19	20	21	22	23

Exhibitions

LONDON

The Saatchi Collection: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art Of Our Time, is being published volume by volume, and a gallery established to make it available to a wider public. The gallery is an astonishing converted paint warehouse at 98a Boundary Road, NW8, that offers more exhibition space for temporary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows a year, of a few artists at a time. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (624 8299).

PARIS

Renoir: An important exhibition of the most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 Drawings, including Le Bal du Moulin de la Galette, Les Grandes Baigneuses and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

WEST GERMANY

Berlin, Schloss Charlottenburg, Spandauer Damm, Neuer Flugel: Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the 300th anniversary of his birth. The National Gallery of Arts, Washington, the State Museum of France and the administration of Berlin's castles are sponsoring the show. The French rococo painter often used poor quality colours, therefore many of his paintings are in a bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends May 25.

Cologne, Kunsthalle, Josef-Haubrich-Hof 1: "Ornamenta Ecclesine." To underline the importance of the romanesque churches, the Cologne Schnüttgen museum has organised an exhibition of roughly 800 religious works ranging from 11th to 13th century including illuminated manuscripts and gold artifacts. Ends June 9.

Stuttgart, Staatsgalerie, Konrad-Adenauer Straße 30-32: The German romanticist Caspar David Friedrich (1774-1840). Ends May 26.

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

BRUSSELS

Hotel Metropole is celebrating its 90th year and in its splendid *fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends Jul 20.

ITALY

Genoa, Palazzo Della Commenda: Japan – The Avant-Garde of the Future: Antique Kimonos from Kyoto form part of the historical section of a huge exhibition of contemporary Japanese art at various centres in Genoa. The series of early Japanese erotic prints (from the Museo Chiassone) – shown here for the first time in public – form an amusing contrast with Hajime Sorayama's sexy robots (at the Teatro Falcone), which are everywhere in Italy at the moment advertising a well-known make of car. Until mid-June.

Venice, Palazzo Fortuny: Toys for the science-fiction era, showing how vastly more sophisticated robots have become, since first produced in the 1950s. Ends Jul 14.

NETHERLANDS

Paul Klee at the Commanderie van Sint-Jan Museum in Nijmegen. 60 paintings, watercolours and drawings covering the years 1906-39 on loan from the holdings of the Kunstsammlung Nordrhein-Westfalen. Ends Jun 23.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Museum of Modern Art. The first comprehensive retrospective of Henri Rousseau, including 60 works from as far away as Prague, show the masterful playfulness of the Paris toll collector who brought together man and nature at their most benign and intriguing. Ends June 4.

Treasures from the New York Public Library: 260 works chosen from one of the five best library collections in the world may cover America better than Europe, but the inclusion of a Gutenberg Bible, the Tickhill Psalter and French bindings supplements Americana, such as examples of Melville's work, announcements of the discovery of New York, and one of the earliest globes. Ends May 24. (42nd & 5th Av).

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 5,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

Opera and Ballet

ITALY

Milan, Teatro alla Scala: Macbeth conducted by Claudio Abbado – the production is based on Giorgio Strehler's 1975 edition. In the cast, Ghena Dimitrova, Francesca Garbi and Aldo Bramante. (80 91 26)

Rome, Teatro dell'Opera: Three ballets (with the splendid Maia Plissetskaya): Petroushka by Fokine, Les Biches by Nijinskaya and Phedre, with choreography by Serge Lifar, conducted by Alain Lombard (46 17 55).

NEW YORK

Saeko Ichinohe and Company (Lila Acheson Wallace) Tokyo – American Style; Choreography in honour of The Silver Bridge's 25th anniversary (Mon, Tue). Asia Society (288 6400, ext 286)

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryshnikov and company, including Natalia Makarova, Cynthia Gregory, Patrick Bissell and Clark Tippet, dance a mixed programme from their eight-week repertory. Ends June 15. Lincoln Center (362 6000).

WASHINGTON

The Suzuki Company of Toga (Terrace): A hit of the 1984 Olympic arts festival plays Washington. Kennedy Center (254 9895)

VIENNA

Staatsoper (53 24/26 55): Der Rosenkavalier conducted by Stein with Leonie Rysanek, Fassbaender, Laki, Lotte Rysanek: Fidelio conducted by Fischer with Behrens, Ghazarian, Brenneis; Aida conducted by Klobukar; Richard Strauss' Capriccio conducted by Stein with Janovitz, Jahn, Steinsky, Helm, Moser.

NETHERLANDS

Amsterdam, Stadsschouwburg. The Netherlands Opera in Tosca, directed by Lotfi Mansouri, with the Amsterdam Philharmonic and the Opera Choir under Bohumil Gregor, and Martina Arroya as Tosca. (242311)

Debussy's Pelléas et Mélisande from the Netherlands Opera, directed and designed by Filippo Sanjust, with the Rotterdam Philharmonic and the Opera Choir under Michel Plasson. Sheri Greenawald as Mélisande, Howard Brook as Pelléas. Tue in Utrecht, Stadsschouwburg (31 02 41).

PARIS

Don Giovanni in the framework of the Orchestre de Paris' Mozart Festival with Daniel Barenboim conducting and Jean-Pierre Ponnelle responsible for production, decor and costumes. Théâtre des Champs-Elysées (563 0740).

Un bal masque alternates with Soirée de Ballets – Lully's Baroque Quelques Pas Graves de Baptiste conducted by Jean-Claude Malgoire, choreography Francine Lancelot; Adam's Giselle conducted by Andre Presser, produced by Mary Skeaping after Petipa with Paris Opera's stars at the Paris Opera (742 5750)

Cesar Franck's Stradella, a work without orchestration conducted by John Burdekin, singing by the Opera's Ecole d'Art Lyrique, with Jean Dominique Burroni/Gerard Parmentier at the piano, produced for the first time at the Opera Comique (296 0611).

Henze's Boulevard Solitude after Manon Lescaut in Nancy's Opera-Theatre production in Pier-Luigi Pizzi's scenography. Costumes by Marc Bohan. TMP-Chatelet (233 4444)

WEST GERMANY

Berlin, Deutsche Oper: Manon Lescaut, sung in Italian, has fine interpretations by Raina Kabaivanska and Franco Tagliavini. Tosca stars Pilar Lorengar and Giacomo Aragall. Boris Godunow returns to the programme. Pélleás und Mélisande features Karen Armstrong, Kaja Borris and Harald Stamm. La Bohème has Alberto Cupido excelling as Rodolfo. (34 381).

Hamburg, Staatsoper: Die Meistersinger von Nürnberg brings together Beatrice Niehoff, Robert Schunk and Hans Sotin. My Fair Lady has Jutta Renate Ibloff as Eliza Doolittle and Boy Gobert playing Henry Higgins. The Magic Flute has Elfie Hobarth as Queen of the Night. Madame Butterfly rounds off the week. (35 1151).

Frankfurt, Opera: La Bohème has José Carreras brilliant as Rodolfo. Rosalind Plowright is repeating her much praised performance in the title role in Aïda. Der Fliegende Holländer has Lia Frey-Rabine as Senta for the first time. Tosca has Carlo Franci conducting. (25 621)

LONDON

English National Opera, Coliseum: As its tribute to Tippett, the ENO makes a sizeable and handsome gesture in the form of a new and much-awaited production of The Midsummer Marriage by David Pountney, conducted by Mark Elder, with a cast including Helen Field, John Treleavan, Lesley Garrett, and Anthony Raffell. Further performances of the current, uneven revival of The Marriage of Figaro (with an outstanding Cherubino in Diana Montague), also of The Bartered Bride and Madam Butterfly (836 3161).

Royal Opera House, Covent Garden: Sadler's Wells Royal Ballet season includes a triple bill, Sleeping Beauty and Swan Lake.

Sadler's Wells, Rosebery Avenue (278 8916): Merce Cunningham season opens on Tuesday.

Royal Opera, Covent Garden: Samson et Dalila, one of the more successful recent Royal Opera re-discoveries, boasts Colin Davis as an unusually refined Saint-Saëns conductor, beautiful Sidney Nolan sets, and an enticing new set of principals – Placido Domingo and Agnes Baltsa. Lucia di Lammermoor comes back for a further two performances, this time with a largely fresh cast – Lucia Aliberti (London debut) in the title role, Luis Lima, Roberto Scandiuzzi, John Barker as conductor. (240 1066).

Music

PARIS

Orchestre National de France conducted by Eugen Jochum: Bruckner (Mon). Salle Pleyel (561 0630).

Edita Gruberova, Friedrich Haider, piano: Mozart, Wolf, Brahms, Strauss (Mon). Théâtre de l'Athenée (742 6727).

Ensemble Orchestral de Paris with Jean-Pierre Wallez as conductor and soloist, Michel Beroff, piano, Heinz Holliger, Oboe, Ursula Holliger, harp: Stravinsky, Henze (Mon). Théâtre du Rond-Point (256 7080).

Paul Kuentz Orchestra: Bach-Brandebourg Concertos (Tue). Saint-Severin Church (563 7480).

Orchestre de Paris with Daniel Barenboim as conductor and soloist, Frank Peter Zimmermann, violin (Tue), piano compositions for four hands with Daniel Barenboim and Radu Lupu (Thur). Both at Salle Pleyel (561 0630).

VIENNA

Alban Berg Quartet with Elisabeth Leonskaja, piano, and Georg Hortnagel, double bass. Ravel and Schubert. Konzerthaus Schubert Saal. (Mon and Tue).

Academy of Ancient Music conducted by Christopher Hogwood with Emma Kirby and Lynne Dawson, sopranos, Catherine Denley, alto, Ian Partridge, tenor, and David Thomas, bass. Handel's La Resurrezione.

WEST GERMANY

Stuttgart, Liederhalle: Dallas Symphony Orchestra conducted by Eduardo Mata with James Galway, flute. Schubert, Griffes, Rodrigo and Mahler (Mon).

Berlin, Philharmonie: Dallas Symphony Orchestra as above. Bartok replaces Mahler (Tue).

ITALY

Rome, Auditorium via della Conciliazione: Lorin Maazel conducting Dvorak and Stravinsky (Mon and Tue) (654 1044).

Rome, Oratorio del Gonfalone: Vicolo Della Scimia 1/B (Via Giulia): Harpsichordist Nariolina de Robertis playing 20 sonatas by Domenico Scarlatti (Thur) (655952)

Rome, Teatro Ghione (via Della Fornaci, 37): The pianist Voytek Matushevski. Beethoven, Ravel and Chopin (Thur). (637 2294).

NETHERLANDS

Amsterdam, Concertgebouw. Frans Brüggen conducting the Orchestra of the 18th Century, with Erich Hoeprich, clarinet. Mozart (Thur). Recital Hall: Vera Beths, violin, with Gérard van Blerk, piano, and Youri Egorov, piano (Mon); The Amsterdam String Trio. Bach, Dohnányi (Tue); Sumiko Nagaoka, piano. Beethoven Schumann (Wed); Bob van Asperen, harpsichord. Bach (Thur). (71 83 45).

NEW YORK

New York Philharmonic (Avery Fisher): Conductor, Zubin Mehta: Bach, Mozart, Strauss (Tue); conductor, Zubin Mehta: Haydn, Crumb, Ravel, Jacob Druckman (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Conductor Mstislav Rostropovich; cellist Lynn Harrell, bassoonist Kenneth Pasmanick: Schubert, Schuller, Saint-Saens, Ravel (Tue); conductor, Mstislav Rostropovich, bassoonist Kenneth Pasmanick: Schubert, Schuller, Saint-Saens (Thur). Kennedy Center (254 3776).

LONDON

Maurizio Pollini, piano: Berg, Schönberg and Beethoven. Royal Festival Hall (Mon). (928 3191; credit card 928 8800).

City of London Choir and London Bach Orchestra conducted by Donald Cashmore. Mendelssohn Elijah. Barbican Hall (Tue). (638 8891).

Philharmonia Orchestra conducted by Andrew Davis with Shlomo Mintz, violin. Copland, Bruch, Colgrass, Rachmaninov. Royal Festival Hall (Tue).

London Choral Society and English Chamber Orchestra conducted by Sir Charles Mackerras with soloists including Margaret Marshall, soprano, Paul Esswood, counter-tenor and Philip Langridge, tenor. Handel Solomon. Royal Festival Hall (Wed).

Philharmonia Orchestra conducted by Kurt Sanderling with Christopher Warren-Green, violin. Mozart and Bruckner. Royal Festival Hall (Thur).

VIENNA FESTIVAL

There is a full and promising programme for this year's Vienna Festival, loosely based around the theme of fin-de-siècle Vienna.

Visiting companies include the Hamburg State Opera performing two one-act operas by the Viennese composer Alexander Zemlinsky, the Tokyo Kabuki theatre and an experimental Mexicann Compagnie Divas with an all-female opera Donna Giovanni.

Visiting musicians are Alfred Brendel, Kyung Wha Chung, Jessye Norman and the Oscar Peterson Trio. The Vienna Philharmonic Orchestra is performing a Wagner season at the Opera House conducted by Leonard Bernstein, while the Soviet Union's National Symphony Orchestra performs a concert of Russian classics.

Yehudi Menuhin is conductor and soloist with the Royal Philharmonic Orchestra. For Chamber Music lovers there will be performances by the Alban Berg Quartet and the Amadeus Quartet. Lorin Maazel returns to conduct the Vienna Philharmonic Orchestra for the festival's opening concert, and there will be a special production in Italian of Handel's Julius Ceasar.

There are also several open-air events including concerts by the Vienna State Opera, ballet with Rudolf Nureyev and the 100th anniversary performance of Strauss' operetta The Gipsy Baron.

Finally, as part of International Bach Year, the complete cycle of Bach's organ works will be performed in 16 concerts. More information: Vienna 579632 and 577151.

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Suprèmes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

THE ARTS

Cinema/John Pym

The old bandit who won't die

The Grey Fox directed by Phillip Borsos
Matter of Heart directed by Mark Whitney
Johnny Dangerously directed by Amy Heckerling
American Dreamer directed by Rick Rosenthal

Richard Farnsworth, former stuntman and roughrider and a veteran, it is said, of more than 300 films (until the past 10 years, chiefly in non-speaking roles), is the complete cowboy. Note, for example, how he first picks up a *Colt* revolver and tests its moving parts (the character he plays has just emerged from 30 years in San Quentin), how he slowly turns it to one side, an extension of his hand, and draws back the hammer. Experience tells.

The Grey Fox, a first feature directed by the documentarist Philip Borsos in 1982, with backing from the Canadian Film Development Corporation, is full of exact details and lingering observations: a sheaf of old banknotes is authentically limp; a scene where old men collect oysters is held just long enough to underscore the monotony. It is this—together with an affection, rather than a nostalgia, for the Old West and a taste for the humorous archetypes of the Western—which gives this modest film its considerable distinction.

Farnsworth's Bill Miner has something of the taciturn dignity of John Wayne's John Bernard Books, hero of *The Shootist*: he has to *do* very little—nothing, in fact—to prove he has spent half a lifetime in the saddle. Back in the outside world, with horsedrawn 19th century having passed him by, he finds oyster-picking not to his liking and takes, none too efficiently, to robbing trains. Less irrascible than John B, he is nevertheless as incapable of complaint and as gruffly compliant, though in a more human and open fashion, in the hands of the ladies.

Shot in deep, solid colour (this is the wet Northwest, not the burnt South) by British cameraman Frank Tidy, *The Grey Fox* holds to a sly, sprightly tone; at the end, it turns deftly aside from tragedy. The Western has been ill-favoured in Hollywood for more than 10 years; and those who have recently managed to raise the money to make one have often plumped for an elegiac tone. *The Shootist* (1976), for instance, Wayne's last picture, was a homage to the genre itself as was Alan J. Pakula's *Comes a Horseman* (1978), in which Farnsworth's marvellous supporting performance as Jane Fonda's grizzled helpmate earned him an Oscar nomination. *The Grey Fox*, written by John Hunter, will, however, have none of this: it gallops along with unpretentious vigour, as though 10 films a week like it were stilll being released.

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The relentless Pinkerton operative, the ambitious greenhorn lawman, the bandit's nincompoop sidekick . . . *The Grey Fox* abounds in archetypes. *Matter of Heart*, backed by the C. G. Jung Institute of Los Angeles, pays homage to the father of the archetype. It began as an archival project (between 1975 and 1981, some 40 hours of interview were recorded with those who knew Jung); and then, having gathered footage of Jung's Swiss lakeside home and incorporated interviews and actuality footage of Jung himself, was transformed into a reverent and somewhat attenuated 105-minute documentary. The metamorphosis was achieved—and this, if nothing else, is an index of Jung's influence—through the help of a long list of named sponsors and, the credits add, 525 unnamed individuals.

The film's fascination lies particularly in its first-hand evidence of Jung's mesmeric personality, his ability to fathom someone on first acquaintaince (indeed, almost immediately), his intuitive understanding of his patents and colleagues, and

Richard Farnsworth as Bill Miner

the aura of the "man apart" which, as Laurens van der Post recalls, even those who could not understand his language instinctively appreciated. Some of Jung's ideas are mentioned in passing, and some key written passages, framed as holy writ, occasionally come up on screen. The uninformed spectator will learn something of the animus and the anima, but for less subjective enlightment he should look elsewhere.

Jung himself, however, leaps into life with almost every word of reminiscence. And the most vivid witnesses, perhaps, are those, such as the writer Mary Bancroft and the analyst Jane Wheelright, who can recall, as if were yesterday, their tussles with the great man. When Dr Wheelright presented herself to Jung for analysis (her husband, with whom she was having a hard time, saving preceded her), his opening remark was, "Oh, so you're in the soup, too."

It is, it seems, impossible to speak about Jung without animation. All those who knew him have apparently, kept their lucidity and an uncanny inner youthfulness (and in many cases there are photographs of then and now to prove it). Jung had a profound and beneficial influence on them all. At one point, the Baroness Vera von der Heydt is asked about Mrs Jung's "unusual" tolerance of her husband's relationship with his intimate collaborator, Toni Wolff. What on earth was unusual about it, the Baroness politely but sharply inquires? Would that one had known Jung, if only to have been able to make that reply.

The director was Mark Whitney, the writer Suzanne Wagner.

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Judging from her short *Getting It Over With*, Amy Heckerling has an ear for comedy and an eye for caricature. Her subject was a girl's forthright attempt to lose her virginity before she became 20. The tresult was unexpectedly fresh and, behind the often very funny rudery, sometimes unexpectedly touching. *Johnny Dangerously* is a different and altogether more expensive kettle of fish. Miss Heckerling has graduated from the American Film Institute to 20th Century Fox, from the small, singular, individual picture, to an expensive *Son of National Lampoon* comedy awash with star appearances.

The sharp Amy Heckerling of her first picture is not, however, altogether lost, but a great deal has been sacrificed to an unnecessarily relentless pace. You need to be very good indeed to outdo the Marx Brothers.

There is, however, much to enjoy, between some groan-inducing running gags, in this parody of pre-war gangster pictures. Michael Meaton is a winning badhat and Marilu Henner a delectable torch singer.

American Dreamer, directed by Rick Rosenthal, transports an unappreciated American housewife, Jobeth Williams, to Paris: she has won a romantic novel-writing contest. Struck by the Spanish ambassador's car, she wakes in hospital full of vim imagining she is a daredevil heroine. There follows a deal of capering round the sights. The male interest is a customarily bemused Tom Conti; the villain a much-spruced-up Giancarlo Giannini. Brand names galore, but not much genuine fizz.

IRCAM/Paris

Paul Driver

The Institute for Electronic-Musical Research over which Pierre Boulez presides in Paris, these days usually referred to by the acronym IRCAM, is becoming an ever more influential force in the international compositional world and on the international concert circuit. During the 1985-86 season, its emanation, *L'Ensemble InterContemporain*, will be appearing in half a dozen countries, including the U.S., where Boulez's *Répons* is to be mounted in five major cities.

In London next October, the work of IRCAM will be on show in three London Sinfonietta concerts directed by Peter Eötvös at St John's Smith Square. The extensive electronic part of Harrison Birtwistle's opera *The Mask of Orpheus* to be staged at the Coliseum a year from now will be another demonstration of the institute's innovative resources.

And in Paris at the Centre Georges Pompidou, from February to May next year, IRCAM is presenting "Schoenberg Plus . . .", an ambitious festival of the music of the Second Viennese School and its diverse modern descendants.

The Ensemble's concerts in Paris attract large and keen audiences, at least if Boulez is conducting. He was last Monday evening, when works by Berio, Birtwistle and himself were performed in the Théâtre du Rond-Point (base of the Renaud-Barrault company — both living legends were to be seen casually queueing for admission). This was an enjoyable chance to compare the styles of the leading composers, all of an age, in Italy, Britain and France.

Berio was the least well served in *Chemins II*—a transliteration, for viola and instruments, of his *Sequenza VI* for viola alone. A British member of the Ensemble, Garth Knox, was soloist. He projected his clamorous, incessantly scrubbing obbligato with skill but not quite enough conviction. The other parts completing the design registered its oddity and expressive turmoil rather than its lucidity and subtlety.

Birtwistle's recent *Secret Theatre* for 14 instruments, given in Paris for the first time, lacked the mesmeric impact and brilliant facility of its première by the London Sinfonietta last year, yet the players (fighting harsh acoustics) managed to convey a strong impression of its quirky language, its mechanical volatility, its integral drama, and its glinting novelty.

The Ensemble was unmistakably at its best, however, in Boulez's *Domaines* for clarinet (André Trouttet) and instrumental groups. The performance had precision, lustre and swooning eloquence; the piece sounded like a classic.

The previous night I attended one of a run of six Stockhausen shows in the impressive *Espace de Projection* of IRCAM's underground premises at Beanbourg. They were part of a series of electronic music events linked to an exhibition, at the neighbouring Centre Pompidou, designed to show technology's role in artistic creation, *Immateriaux*.

Stockhausen was at the sound and lighting controls, his son Markus played trumpet, and two other close associates, Suzanne Stephens and Kathinka Pasveer, played clarinet and flue.

The evening was like a brief abstract from Stockhausen's opera *Samstag aus Licht*, first staged a year ago by La Scala, Milan. Before the interval four instrumental solos — two adapted from the opera (*Traum-Formel* for basset horn, *Oberlippentanz* for piccolo trumpet) and two pre-existent (*Der Kleine Arlekin* for clarinet, *Aries* for trumpet plus electronic tape) — were rendered using costumes and lighting to happy effect. After it, Miss Pasveer (in a slinky black cat costume) took her place beside one of two big white circles to perform her very own *Kathinka's Gesang*, (alias *Luzifer's Requiem*, alias the second scene of *Samstag*) for the first time, in a version replacing the original six accompanying percussionists with a vivid six-channel tape realised by means of IRCAM's famous 4X computer.

Each circle bore 12 figures in musical notation—the different components of the melodic "formula" assigned in the opera to Lucifer. The flautist stationing herself at each in turn gave a short sonorous disquisition upon it. Fateful station numbers 7 and 13 were pauses. The electronic channels entered successively with dramatic, demonic attacks, each loudspeaker lit in a different colour.

It was a satisfying and naive musical experience, a unique *son et lumière*. Stockhausen modestly intends his half-hour requiem, as a set of spiritual exercises for conducting the souls of the "apparently" dead through a period of 49 days into eternal light. *Plus ça change.*

Antony and Cleopatra

Michael Coveney

It is a long time since the British theatre had a great production of this towering tragedy and Robin Phillips's well-organised but finally antiseptic revival at the Chichester Festival Theatre extends the wait. Sexual passion has never been one of Diana Rigg's notable stage qualities—she is a glacial, cutting comedienne with an imperious temperament. This is fine for some of Cleopatra, but insufficient for all of her. Paired with Denis Quilley's sonorous but untortured Antony, she guarantees the legendary remoteness of the transcontinental lovers without explaining the destructive self-absorption and obsession behind the loss of majesty.

The staging is a throw-back in many ways to Mr Phillips's Greenwich Theatre days, with a set of transparent mobile towers-cum-screens by Daphne Dare that for some reason put me in mind of a large department store. Still, Mr Phillips displays a sure grasp of the theatre's physical potential with actors streaming through the auditorium and moving efficiently between scenes. Cleopatra's dalliant snare is well delineated in the bulging loin cloths of her retinue which includes the deepest-voiced eunuch I have ever heard. Her swaying attendants join Miss Rigg in black Spanish mourning on the death of Antony, a tableau more redolent of Lorca (another Greenwich echo) than Plutarch, but Ann Curtis's costumes are, as usual, attractive and well executed.

Even running to three hours, there are some hefty cuts, so that in a strange way events come upon you before they are expected. The turncoat trail and death of Enobarbus, for instance, arrives straight after Mr Quilley calls with oddly dull defiance for one more gaudy night. Norman Rodway's grizzled military stalwart is one of the show's successes, carving his burnished response to a disbelieving corporate snigger. The galley rebels had gone along with much of Lepidus, despite Brett Forrest's determined bid to make the character interesting by shaving his head.

The music in the air and under the earth gets just about everywhere else thanks to Peter Hayward's sound track of plangent sea noises, slapped drum skins and earthy caws which seep through the action and are eventually taken up by Caesar's army, a phallanx last glimpsed ending in the wind as if choreographed by Michael Bennett. Caesar himself is a nasty piece of lip-curling work (Philip Franks is disappointingly one-note) and as with so much else in the evening we do not feel that empires will totter because of anything he says or does.

Even before Actium Miss Rigg is parparing herself for the worst, donning her serpent crown and golden white ceremonial gear to complete the MGM Cleopatra look perpetrated by her beaded shoulder-length wig. She never improves on the opening scenes, where her capricious toying of Antony and comic over-reaction to the news of Fulvia's death explains why Antony has had to stay so long: she is the senior partner here. A cunning microphone system gives the later scenes of loss and death an echo but not a truly tragic dimension. The lowering of the voice on "O, withered is the garland of the war" is a self-conscious technical trick, not an unstoppable expression of blasted love.

Denis Quilley's Antony has everything except the magic ingredient of a doomed philanderer abandoned finally by his companion Hercules. He speaks the verse quite beautifully and lends the production a genuine quality of the authoritative leading actor.

The battles and embarkations are atmospherically underpinned with smokey lighting effects and the deep chasm of the stage revealed Miss Dare's screens. And there is a striking image of the fleetingly victorious Cleopatra in tangerine voile just before the fatal farewell of Antony and Fortune. But the evening is less the whole of its parts than a part of the whole, snippets and hints of a great play that waits stubbornly in the wings.

Cunningham 2/Sadler's Wells

Clement Crisp

The second Cunningham programme on Wednesday night was as refreshing and varied as the first. It began with *Inlets 2*, a variation and contemplation of ideas in an earlier piece to John Cage's *Inlets* score of faint watery gurglings. The effects now seem more transparent, purer, and the whys and wherefores of the seven dancers' movements have a logic and a sense of purpose which suggest the happy working out of chance procedures. It is a dance-structure of exceptional grace of form, the stage filled with choreography that has its own inevitabliyit as well as clarity. It refreshes the viewer.

Phrases, which dates from last year, is an invention for the whole company. They are clad in variously coloured leotards which later acquire black accessories — leg-warmers, blouses; a belt — and are then replaced by brighter garments, but this progress in dress does not relate in any obvious fashion to the onward development of the work, whose internal structure moves from large ensemble to duet, and then expands into general dances again.

This is an oversimplification about often dense activity in which the titular phrases are rather more like ideas which emerge and disappear and then return in modified form. *Phrases* may perhaps be "about" such devices; it is much more "about" the way Cunningham contrasts and opposes movement, exploring the possibilities of the stage area and of the direction of dances, and the setting off of one kind of dynamic by reflection or transfer from one performer to another.

It defeats analysis, but not the acceptance of its visual delights as the work of a master of plotless, but never anonymous or arid, invention.

The closing Roadrunners is a capriccio, set to oriental twangings and the disjointed reading of a translation from a 10th century Chinese geography and a passage of spoken Chinese. The improbable myths of the text are matched by movement sometimes zany, sometimes the *erductio ad absurdam* of a given idea, sometimes as pure as the white costuming of the cast—among whom Cunningham himself moves like a Zen master teaching by allusion.

It is both funny and mysterious—but chiefly funny—as are the descriptions of bizarre tribes whose physical perculiarities are so solemnly listed in the text. The dance unfolds in calligraphic strokes, in spendidly cool comedy, when a man is supported by five girls, three of whom desert him to pile onto another man, or when Cunningham gives every evidence of feeling harried by events as he tries to dress, and is finally left holding a shoe. And everywhere, throuhgout the evining, movement catches eye and mind, and heart.

The Midsummer Marriage/Coliseum

David Murray

It's party time again at the Coliseum, with David Pountney's new production of *The Midsummer Marriage* trading on the knees-up exuberance that is his company's best vein. Somehow high tragedy, the hieratic, anything that requires a severe distance kept, is hard for the English National Opera to manage—perhaps the odd combination of wide, capacious stage and intimate proximity to the audience explains it: but communal jollity comes across infectiously. Even a massive chorus can be perceived as individuals here; and if that makes them unconvincing Venetian grandees or sectarian persecutors, it also means that when they're having a good time *everybody* has a good time.

In Pountney's staging, Tippett's opera moves steadily and cheerfuly toward *Hair*, and gets there before the end of the evening. *The Midsummer Marriage* sets cruel problems for a *réalisateur*, for its sumptuous score comes with a teeming Jungian sub-text and practicaly no plausible action. (*It is his first opera*, people said, he will come to practicable stage terms later: how wrong they were!) Two *pairs of lovers on the brink of* marriage undergo strange trials on Midsummer Day, the more elevated pair threatened by a heavy capitalist father; obscure guidance is proffered by a pair of Ancients and the seeress Sosotris, and ritual dances are danced. It all ends, as we are to understand, ecstatically.

Pountney has contrived a dazzling spectacle, with the dazzling assistance of Nick Chelton's lighting, always aligned to the vagaries of Tippett's score. Some of my colleagues thought the dish crudely over-egged, with symbols flung in like alphabet-vermicelli; but I thought that Pountney, unlike Tippett, precisely doesn't want to take the symbols seriously at all. (He may think that God is necessarily invisible; this is not necessarily true.) Fraught symbolic modes pass in swift review—May Day rituals, animal-headed deities, the father-figure bestriding a globe —but Stefanos Lazaridis's designs set everything in primary colours, simple geometrical forms (the Ritual Dances conjure with a cube, a sphere and a triangular solid) and plain doodles. No ethno-historical baggage is recognised, and for Act 3 Chelton's lighting is super-disco; at the end of Midsummer Day comes collective copulation without frills.

In short, this is a thoroughly secular *Midsummer Marriage*.

It cannot be an accident that Sosotris is represented as a hot-air balloon with nobody inside (her voice is Alfreda Hodgson's, rhetorically fervent but electronically transmitted — and hardly anything in modern opera is so alienating as a second-hand voice), though Act 3 stops in its tracks to accommodate her prophetic dicta. Beautiful, but much less dramatic than Erda's in *Das Rheingold*; the Ancients, Dennis Wicks and Anne-Marie Owens, convey temperate good sense in arbitrary historical drag.

Among the lovers on this first Wednesday, both the ladies made great impressions: Helen Field's Jenifer displayed unexpected power as well as keen warmth; and as plebeian Bella, Lesley Garrett offered not only brilliant diction but a bright soubrette-sketch. If she was too much cartoon-secretary to give much weight to her revulsion against the Rituals, that was Pountney's fault. A circumscribed character can't supply deep responses. John Treleaven made a lusty, forthright Mark; as Bella's Jack, Maldwyn Davies sounded uncharacteristically muted, though carefully sensitive — he and Treleaven came awkwardly near to suiting each other's roles better than their own.

Saleroom/Antony Thorncroft

Van Gogh makes $2.4m

Sotheby's sale of Impressionist and modern pictures in New York on Tuesday suggested that buyers were becoming more selective in their bidding—there have been a great many paintings available and, obviously, the demand is not inexhaustible.

Christie's in New York on Wednesday had a slightly better sale, totalling $13,282,500 (£10,296,511), but 33 per cent was unsold. A Van Gogh (1888) of Les Alyscamps, an avenue in Arles, found a buyer at $2,420,000 £1,875,969). In 1979 in London, the same picture had been bought in at £430,000.

A painting of gossiping negresses, painted by Gauguin in Martinique in 1887, sold for $1,870,000 (£1,449,612), and "Vase de fleurs" by Picasso made $1,210,000 (£937,984). Another million-dollar picture was of the same subject, this time painted by Renoir, which made $1.1m (£852,713). The main casualty was "Violon et verre" by Braque, which was bought-in at $1.7m.

Sotheby's second sale of the week of Impressionist and modern pictures did slightly better than its first, with a total of $5,343,800 (£4,158,599) and 21 per cent unsold. "La belle Rafaela," a nude by Tamara de Lempicka, did well at $242,000 (£188,327); while in a watercolour and drawings sale there was an auction record price for a Matisse drawing of $176,000 (£136,935). The fact that there is an exhibition of Matisse drawings now on show at the Museum of Modern Art in New York probably helped.

While the Impressionist market in New York seems to be pausing for breath, that other major home for the money of the very rich, jewels, was having its problems in Geneva. Sotheby's jewellery sale totalled SwFr 8,842,075 (£2,720,638), but 40 per cent was unsold. The highest price was the £372,307 paid by Peter Fischer, the New York dealer, for a 19th-century emerald

Music Ensemble/St John's

Paul Driver

The Music Ensemble is more dynamic than the bland name implies. It is a group of some 15 accomplished young professionals who have a meticulous and inspiriting conductor in Keith Williams, and who present programmes often featuring music by their President, Peter Maxwell Davies, as well as by other and younger notables. Wednesday night's concert in St John's Smith Square brought us Davies's *A Mirror of Whitening Light* and the premieres of two specially written works. It also included—appropriately, since it was sponsored by the Futon Company — *Rain Coming* by the Japanese Toru Takemitsu.

This was the least memorable item — well enough performed, but striking one merely as a few brushstrokes of impalpable feeling. Roger Brigg's *Gathering Together*—an evocation in repetitive, Mike Oldfield-ish style of the lines, "All over the earth we keep coming together./ We keep giving each other these parties/These heart-breakingly beautiful parties," by Patricia Goedicke—was memorable, however, only for its inspidity and persistence.

Anthony Power's Chamber Concerto, on the other hand, was an extremely substantial three-movement essay, closely argued, and showing a considerable mastery of the medium. It is related in material to two other of Power's compositions—not *Another Part Of The Island*, which the Music Ensemble successfully presented a couple of years ago, but an organ piece called *Echoes From Invisible Cities* and a piano sonata.

The three can be thought of as a composite portrait of Venice; in the present work the city is conjured up by a second movement described as "nocturnal in character, with 'bells' and watery resonances" (and wielding a distinct power of harmony and colour), but no less by a slow introduction (returning at the end of the first and last movements) derived from stepwise motives that float suggestively in a wash of bright sound.

In spite of its picturesque aspect, the concerto is a stern and virile piece of writing, with a first movement of rigorously integrated contrasts and much decisive gesture: I was particularly struck by a flamboyant duet for piano (Clive Williamson) and vibraphone (Simon Limbrick), and vivid brass declamations remotely echoing the Venetian music of the Gabrielis. The third movement, doing duty as both scherzo and finale, seemed a little too condensed and brief — future hearings will have to settle that doubt. The performance was admirably sturdy and sure; that of *A Mirror of Whitening Light*, a superbly made chamber-symphony, was as persuasive as I've yet heard.

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Friday May 17 1985

Bonn invokes the veto

THE EUROPEAN Community's farm policy has long been marked by absurdity but never by such a fiasco as this year's price-fixing negotiations. Now, after six prolonged sessions, the farm ministers have at last succeeded in agreeing on prices for most agrcultural products; but West German obstinancy has continued to resist the setting of cereals prices, despite repeated concessions to their point of view. This lamentable state of affairs can only cast doubt both on the credibility of the Community's declared aim of reforming the excesses of the farm policy, and on the plausibility of protestations by member states, not least by West Germany, that they support an improvement in the Community's decision-making procedures.

According to the previously-agreed scheme for farm policy reform, the abundance of last year's harvest should have meant a cut in this year's price levels for cereals by 5 per cent. In the long run, the aim should be to bring Community price levels much more closely in line with those on the world market.

The Commission fudged this obligation by initially proposing a price cut of only 3.6 per cent; this week, under pressure from relentless West German objections, it has eased the proposed price reductions first to 2 per cent and finally to 1.8 per cent. In parallel, to compensate the Mediterranean countries for the advantages West Germany seemed to be securing for its toughness over cereals, the Commission eased back the proposed price cuts for certain fruits

Depressing

In purely budgetary terms, these concessions to producer interests may not be too damaging. The Commission claims that the extra costs will be absorbed by management savings. This means that the requirements of the budgetary discipline code will not be triggered—in other words the farm price package will not have to be resubmitted to the finance ministers. Yet the full extra costs of this year's price fixing cannot be estimated until there is a settlement of the argument over cereals; it remains to be seen whether the concession which the Commission has already been forced to make to the West Germans will be followed by others when the negotiations resume.

The omens for the reform of the common agricultural policy are deeply depressing. No one could ever have expected that reform would be quick or easy. Over 20 years, the policy has established expectations at the industrial end of the farm sector, and a dependency at the peasant end, which it would not be right or politically possible to modify except over a period of years. It is only to be expected that measures to reduce waste and over-production will meet resistance, and that reform may from time to time be tempered.

Most vocal

But it is vital that the member states should not call in question the principle that some reform, fast or slow, is now an ineradicable element in the farm policy. It is that principle which is now under threat fro mthe West German Government, and which may therefore be threatened with greater impunity by other governments in future.

The West German Government has been among the most vocal in arguing that the Council of Ministers must take far more of its decisions by majority voting. The Luxembourg Compromise imposed by France in 1966 purported to establish a national veto right which is not in the Rome Treaty. It was opposed then by West Germany, and in theory is opposed by West German today. Yet the West German Government has now invoked the principle of a vital national interest, as enshrined in the Luxembourg Compromise, in order to prevent a 1.8 per cent cut in cereals prices.

Mrs Thatcher may derive sour satisfaction from this demonstration that the West Germans do not believe in majority voting as much as they say. But from any serious point of view, this week's events are a setback for the Community.

The freedom to protest

A KEY SENTENCE in the Home Secretary's statement to the Commons yesterday about public order is worth repeating: "The rights of peaceful protest and assembly are among our fundamental freedoms: they are numbered among the touchstones which distinguish a free society from a totalitarian one."

But Mr Brittan also rightly emphasised yesterday that individuals have the right to protection against being bullied, hurt, intimidated or obstructed, whatever the motive of those responsible may be — whether they are violent demonstrators, rioters, intimidatory mass pickets or soccer hooligans.

Balancing these two essential concepts of freedom gets ever trickier, increasing the temptation towards greater powers of authority and control.

Mr Brittan's White Paper on the review of public order is therefore as welcome for what it does not propose as for the changes and improvements it recommends to existing legislation. The review has been under way since 1979, following the Southall racial disturbances. Since then there have been the Brixton riots, serious football hooliganism and disorderly picketing and policing during the miners' strike. But there have also been the calm and considered reports from Lord Scarman on the Brixton riots and from the Law Commisssion on codification of common law public order offences.

Calls rejected

The caution and restraint of these two reports are largely echoed in the White Paper. The Government has rightly concluded that it is simply not possible in a liberal democracy to construct enforceable legislation to preclude, for example, the worst picket line incidents of the miners' strike.

The Government has firmly rejected calls for a new power to ban static demonstrations because it would be a substantial limitation on the right of assembly and the right to demonstrate; it has similarly resisted the pressure to overreact and transform common law powers for the police to disperse an assembly into stautory powers coupled with the creation of a criminal offence of failure to comply with police directions.

The changes that are to be introduced largely update the Public Order Act 1936. There are, as the White Paper says, no "yawning gaps" in the law. Nevertheless, one aspect of the 1936 Act, incorporated to avoid allegations of political or racial bias, is now being abused by some extremist groups. The power of blanket bans means *inter alia* that a peaceful march can be stopped by a potentially disruptive march being declared for the same time and place, raising the threat of confrontation and disorder.

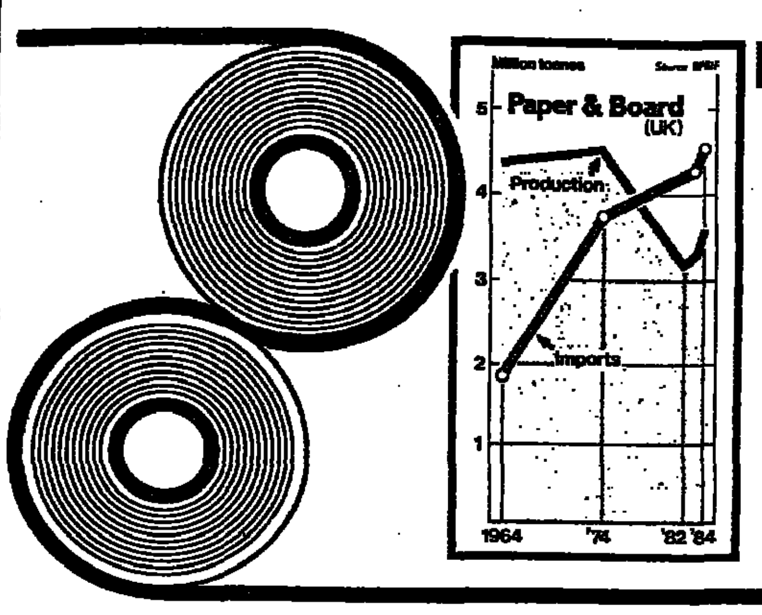
The Government plans to make the banning of a single march possible, a potential improvement but one fraught with danger. This power will need to be exercised with extreme and delicate caution and only in the last resort; the police will need to exercise great self discipline, especially in view of their rising tendency to ask for bans — only 11 between 1970 and 1980 but a disturbing 75 between 1981 and 1984. If complaints about bias and discrimination arise and are shown to be justified irreparable harm will be caused to both the authority of the police and the balance between freedom and control.

Similar care and restraint will be needed with another change which will represent an improvement only if the police keep the freedom to demonstrate uppermost in their minds rather than easy and convenient policing. This is the power to impose conditions on demonstrations outdoors including static assemblies. The new conditions can be on numbers, location and duration and gatherings covered will include pickets and football crowds. The powers will be limited to assemblies which threaten to result in serious public disorder, serious disruption or the coercion of individuals.

The subjective judgments involved in imposing such conditions place an important responsibility on the police not to be capricious in their use, however convenient it might appear to be to limit demonstrations to a handful of people confined to side streets outside business hours. Protest organisers will be given the crucial right to challenge conditions in the courts, a right of challenge they should use with alacrity if the light touch turns into a heavy hand.

If the changes proposed are enacted and utilised in the spirit and tone with which they are presented in this White Paper the rights of everybody within the law will be rather more secure; if they are not Britain's liberal democracy will be significantly less liberal.

UK PAPER-MAKERS

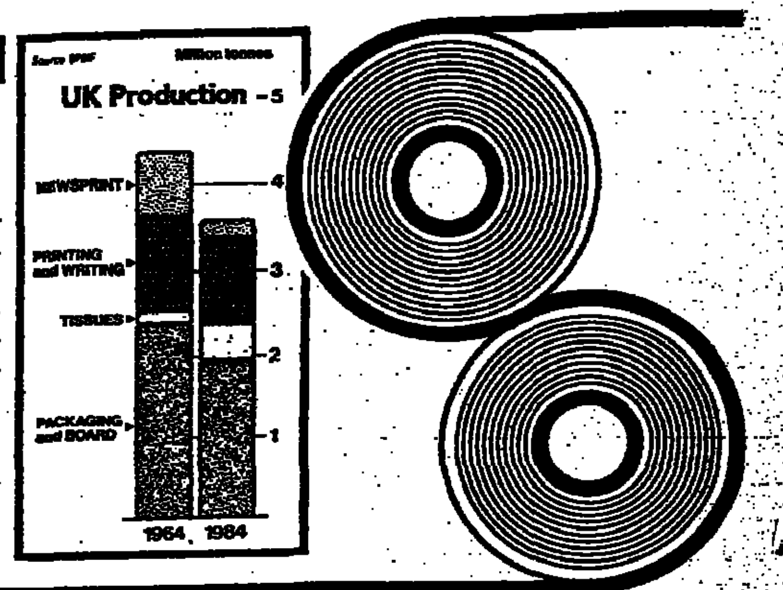


MAIN UK PAPER AND BOARD MAKERS

(excluding tissues)
1985 figures (1978 in brackets)

	Mills	Machines	Capacity ('000 tonnes p.a.)
Bowater Industries	3(4)	9(15)	470(635)
Reed International	7(9)	13(30)	405(746)
Wiggins Teape	9(11)	22(31)	295(300)
Thames Board	2(3)	3(8)	260(485)
Davidson Radcliffe	2(3)	5(7)	258(246)
Consolidated Bathhurst	1(—)	3(—)	250(—)
St. Regis International	5(4)	8(7)	249(130)
Shotton	1(—)	1(—)	180(—)
Townsend Hook	1(1)	3(3)	157(130)
Thomas Tait	1(1)	2(2)	115(40)

Source: Laing & Cruickshank



Bob Hutchison Philip Thompson

The old image heads for the shredder

By Tony Jackson

FOR THE BEST part of 20 years, British paper-making has seemed a lost cause. Ever since the industry lost its protection from imports in the late 1960s a roll-call of famous names have quit the business or gone under, and whole sectors have vanished entirely. Lately, though, there have been signs of a remarkable reversal. Battered but still alive, a reshaped British paper industry is coming back.

Two announcements within the last week typify the revival of confidence. St Regis, the UK's sixth largest producer, is being bought out by its management from its U.S. owner, Champion International, in a deal worth around £30m. And Inveresk, a specialised manufacturer with turnover of some £60m, is to invest £8m in expanding and upgrading its mills. The money is being put up by U.S. parent Georgia Pacific, which only months ago was offering Inveresk for sale.

There are aspectst o each deal which illustrate much of what has been happening in the industry. First, the theme of expansion after years of contraction. Inveresk is seeking to increase itso utput, and the St Regis buy-out is being financed by equity to leave room for borrowings for new plant.

Second, the sources of finance. The new money for Inveresk is from the U.S., but the cash for the St Regis buy-out is being sought from UK financial instituitons. A significant part of the investment now going into the industry is coming from abroad, but by no means all of it.

Third, the sums involved in both cases are, in the context of the industry worldwide, peanuts. As one example, Invereskfi's parent Georgia Pacific is building a new paper-making machine in the U.S. That project alone could run to hundreds of millions.

Most of the UK industry is nt in that high-volume league any more—a lesson which it has taken many years to learn. "In our business," says Adrian Missenden of Inveresk, "you have to be very careful not to end up in No Man's Land—too big to be small, and too small to be big."

The need to pick niches and to specialise is a central fact of life for the majority of UK producers. In terms of the pulp and paper industry the world can be divided into two camps—the forest-rich countries, and the forest-poor. Countries with vast woodlands such as Canada, the U.S., the Scandinavians and Brazil can justify the colossal cost of integrated mills which take in trees at one end and produce either pulp or finished paper in large volume at the other.

The trend has for many years been inexorable. For the forest-rich countries timber is an essential natural resource, and the adding of value to it a high national priority. Hence the move from basic pulp production to the more commodity grades of paper, such as newsprint and basic paper and board for packaging, and from there to higher quality grades—woodfree papers, coated board and so on.

The chief constraint on the big integrated producers is that their products have to be standard grades which can be turned out in high volume. This gives UK producers the opportunity to seek out market niches where high added value compensates for the cost of imported pulp, and small production runs offer protection against the integrated mill.

There are a few integrated pulp and paper mills in the UK which make use of British timber, such as the Finnish-built newsprint plant at Shotton — which started up this week—and the Unilever-owned Thames Board Mill plant at Workington. It is not normally easy, though, for British pulp mills to match their Scandinavian and North American rivals on cost.

A more important native raw material is waste paper, which is an adequate substitute for imported pulp in some grades of paper and board. The great advantage of waste from the UK point of view is that it is an area in which the Scandinavians in particular can scarcely compete. Forest-rich countries tend to be short on population, and therefore on waste paper.

But when it comes to producing paper from imported wood pulp, the key to survival for British companies is to avoid head-on competition with the overseas integrated mills — which are often the suppliers of the pulp in the first place. One large and still-growing market which qualifies is paper tissues, which being both light and bulky are hard to import.

Mostly, though, the sectors have to be smaller than that. One typical specialist is James Cropper, of Kendal in Cumbria. Cropper works from only one mill, and the biggest of its four machines has a capacity of a mere 17,000 tonnes. As stockbrokers Laing and Cruickshank — an authoritative source on the industry — remark, this is so tiny by comparison with integrated mills that the natural strategy has to be to look for small market niches. Cropper specialises in paper and board for brochures, manilla envelopes, filing systems and the like, and makes a good living from it.

There is, of course, more to survival than staying small. In practically every corner of the market there is competition from one foreign source or another, and there is immense pressure to keep costs down. As the table above indicates, even those companies which have maintained their output in recent years are mostly doing so on fewer machines. One striking example is Reed and Smith, a company in the St Regis group, which since 1967 has halved the number of its machines from 14 to 7, yet has very nearly doubled its output to 167,000 tonnes.

Although St Regis is now to return to UK ownership, it is worth remembering that it was built up through acquisition by a foreign company. Of the 60-odd paper companies in the UK, 20 are foreign-owned. For North American and Scandinavian companies, the motive often is to secure captive outlets for the pulp or paper they produce at home.

So, for instance, the Bridgewater newsprint mill on the River Dee takes two thirds of its pulp requirements from its Canadia owner Consolidated Bathurst. Another Canadian producer, MacMillan Bloedel, has a 50 per cent stake in UK Corrugated, which is a large consumer of imported kraft liner to make corrugated cases. And for Georgia Pacific, one explicit reason for deciding not to sell Inveresk was to retain control of a UK outlet

There is no reason to suppose that foreign interest in the UK industry is over yet. James River, one of the fastest-growing paper companies in the U.S., paid £5.5m last year for the specialised Scottish producer GB Papers, of Guardbridge in Fife. The U.S. group then proposed to buy one of Inveresk's Scottish mills, only to be rebuffed by Georgia Pacific's change of heart. It is understood to be still looking for a further UK acquisition, probably in a specialist area, possibly in Scotland.

By no means all of the recent investment in the UK industry, though, has been from abroad. One particularly committed UK producer is Wiggins Teape, the BAT Industries subsidiary, which has spent a cool £100m in the UK over the past five years.

Were one to poll Britain's papermakers on the company they most admire, Wiggins Teape would come high on the list. Despite its size — the UK's third largest in tonnage terms — Wiggins Teape has somehow contrived to maintain itself as as specialised niche business. Some of these niches are uncommonly large. In carbonless copy papers, especially, the company has 70 per cent of total UK capacity, and is in the process of spending £12m to add a further 45,000 tonnes.

Another big spender is the Scottish paper company Thomas Tait. In a strikingly bold move, Tait has invested £23m on raising its capacity in woodfree white paper from 40,000 tonnes to 115,000 tonnes.

Others in the industry regard this step with a mixture of awe and apprehension. The decision was taken on a highly entrepreneurial basis. The machine now installed was originally built for a customer in Iran, but never assembled. In stepping in with its cheque book, Tait got for £23m what would otherwise have cost at least twice as much.

However, the decision risks landing Tait in the No-Man's Land of which Inveresk is so wary. The grades of paper being produced are in head-on competition with the integrated mills of Scandinavia. In addition, as the world's pulp producers seek to mop up excess supply through further integration, there is a risk that market pulp will eventually end up in shortage, exposing Tait to the risks of relatively low value-added production.

For waste-based producers, this threat does not exist. One company which has chosen to specialise in this area is Reed—once the UK's biggest paper producer, and still ranking second. In its latest financial year, Reed closed no fewer than six of its mills, giving rise to a suspicion in the industry that the group might be considering pulling out of paper entirely.

Not so, Reed insists. The mills closed were either very old, or based on pulp as a raw material. Of the remaining 405,000 tonnes of UK capacity, all but 50,000 tonnes are based on waste paper, making corrugated case, newsprint and board. None of these are remotely specialist grades. However, the use of a cheap raw material not available to the Scandinavians is a compensating strategy.

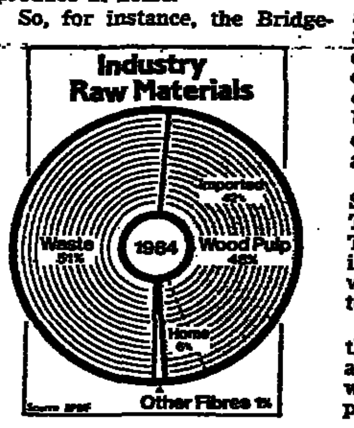
One way or another, the UK industry is plainly in its healthiest state for many years. There remains a note of caution. David Peacock, commercial director of the British Paper and Board Industry Federation, says "very few companies can say—we're OK, there is no competition from overseas. It's still a question of survival." But recent investment, largely devoted as it is to cost-saving and increased efficiency, gives the key to how survival can be assured. "Small scale or large scale," says John Worlidge, Wiggins Teape chairman, "in this business you have to be the most cost-effective producer."

THE NEWSPRINT REVIVAL

UK production of newsprint—the paper on which newspapers are printed—is enjoying a remarkable revival. In the late 1960s, when tariff barriers came off and the UK industry was exposed to the blast of Scandinavian competition, UK newsprint production was running at around 800,000 tonnes per year. By 1980, it had slumped to one-tenth of that.

Five years later, there has been a renaissance. Capacity—some of it still being brought on stream—is back up over 500,000 tonnes. Production is based very largely on two mills—the Bridgewater mill on Merseyside, and the Shotton mill a few miles away on the River Dee. The Bridgewater mill owes its survival to its new owner, Consolidated Bathurst of Canada. Shotton is a new project costing £135m, built by the Finnish group United Paper Mills.

Foreign owners have thus almost entirely displaced the old British producers. Twenty years ago, Bowater produced 450,000 tonnes of newsprint per year on its own. Now it produces less than 30,000. Reed made 175,000 tonnes, and now it makes 65,000. Besides the Canadians and the Finns, no one else is left in the market.



Men and Matters

Of some import

What a domestic stir (says my ironic informant) has been caused by Japan's Prime Minister, Yasuhiro Nakasone, in exhorting his countrymen to buy foreign goods.

The PM, who happens to be a bit of a clothes-horse, charged off to a local department store and rapidly invested in an Italian shirt—and an English dart-board.

Not to be outdone, other other parts of the government are emulating him. The Ministry of International Trade an Industry leaped into the fray yesterday with a truly startling gesture. It announced that in renewing its fleet of cars, it had forsaken Toyota and Nissan, and bought two foreign vehicles—a German Mercedes 230E and an American Buick Regal—for use by its xice-ministers.

MITI, which drew up the original list showing how each Japanese could spend $100 on foreign products by investing heavily in fondue sets and whistling kettles, obviously reckons it has to set an example.

It smugly added that six of its 40 cars are now foreign made.

Not every Japanese is yet plunging into foreign goods with such abandon. Take the influential case of Toshio Inayman, head of the Keidanren, the Japanese CBI. He complained loudly this week that all this import promotion was "no good."

In any case, he went on, Japan could make anything it needed, with the possible exception of "neckties with unusual designs."

"That's nothing—you should see the list of people who want to do the conveyancing"

Legal tip

Rumours that a man is "returning all his briefs" should not necessarily be taken to mean he picked the wrong sizes in Marks and Spencer.

In the chambers of Lincoln's Inn such a whisper means a lawyer is handing back to solicitors papers for future cases—in short clearing his desk before becoming a High Court Judge.

The Inn tipsters attribute just such a spring-clean to a South African-born Queens Counsel, Lennie Hoffman, and they expect the Lord Chancellor shortly to announce his appointment to the High Court.

There are said to be two other names in the frame forthe man to fill the gap on the Chancery bench left by the recent retirement of Mr Justice Gouding. They are John Knox, QC, and Peter Millett, QC. But Hoffman is the odds-on favourite.

A graduate of both Cape Town University and Oxford, where he was a Rhodes Scholar, he was called to the English Bar in 1964, and has been a QC since 1977. He is a judge of the Courts of Appeal of Jersey and Guernsey.

Hoffman, if chosen, will be the second ex-patriate South African lawyer to reach the English bench in recent months. The other, Johan Steyn sits in the Queen's Bench Division.

Banker's war

Lord Barber, chairman of Standard Chartered Bank and former Tory Chancellor, will be able to pick up a personal memento of his war years for around £250 at Sotheby's on May 28.

A bundle of RAF papers, included in a sale of war documents, has been found to contain a photograph of the then pilot-officer Barber among a group of prisoners of war.

Barber, seconded to the RAF from the Army after Dunkirk, spent the years from 1942-45 in prison camps in Germany and Poland. Few POWs made better use of their time in captivity. He was mentioned in despatches for his escape attempts—finally succeeding in Poland only to be taken prisoner by the Russians—but in between, with the help of the International Red Cross, he gained a first class honours degree in law.

Offshore beat

The presence in Guernsey this week of three top London policemen, all fraud experts, is quite unconnected, I am assured, with recent allegations that the Channel Islands are helping to launder Mafia drug trafficking profits.

Conscious of responsibility for the growing financial community on the island, Guernsey has set up a new fraud section in the island police. Commander Malcolm Campbell, head of the City and Metropolitan fraud department, and two colleagues are helping launch it.

Nevertheless, the question of the Mafia money (which is to be discussed in Guernsey today by Home Office and Channel Islands officials) could not be avoided when 140 of the island's financial experts turned up for a fraud seminar with the policemen.

Did the London men have any pointers that would alert local banks to an offer of criminal money?

Detective Chief Superintendent Gerry Squires, head of the City of London fraud squad, admitted there were no easy answers—short of the hopeful depositor arriving with a suitcase full of used notes. He said: "It is extremely difficult, if not totally impossible, to detect such money once it is in the system."

De Vic Carey, Guernsey's attorney general, did not make the bankers' dilemma any easier when he pointed out that dirty money becomes clean with the passing of time.

"We are not expecting you to identify money that was the ill-gotten gains of somebody's grandfather" he said—perhaps remembering that many Channel Islands' families founded their fortunes on smuggling.

Lambs tale

Politics is a more dangerous game than Denis Healey would have us believe when he quipped that being attacked by Sir Geoffrey Howe was "like being worried by a dead sheep."

After opening an exhibition yesterday, Danish Prime Minister, Poul Schuelter, was presented with a lamb — and it bit him. Or at least, it sank its teeth into his trench coat as he tried to pet it.

A startled Schlueter quickly handed back the lamb; and, for the second time this month, sent his coat to be cleaned. Left-wing protestors spattered it with eggs and fruit when he tried to make a speech in Copenhagen a few days ago.

Observer

POLITICS TODAY

The retreat into nostalgia

By Malcolm Rutherford

LORD BLAKE, the Tory historian, has just enlarged his book, "The Conservative Party from Peel to Churchill," to "from Peel to Thatcher."*

There could hardly have been a better time to have done it, for the Tories themselves are now having an open debate about the nature of Conservatism and where the party goes next.

The decision by Mr Francis Pym to form the Conservative Centre Forward Group, which amounts to a party-within-the-party, really is a bit of a landmark in Tory history. Leaving aside the question of whether Mr Pym would have behaved the way he has if he had not been dismissed as Foreign Secretary after the last general election, he has certainly brought internal divisions more into the open.

Of course, the Tories have always quarrelled among themselves, like any other political party. But to set up a separate group now, when the party has a huge majority in the House of Commons and ought under normal circumstances to have every chance of winning next time, is a new departure.

The debate about what post-Thatcher Britain will be like

Mr Pym says that he thinks that the Tories will win the next general election anyway, and might not have set up his group if he had thought otherwise. What he is doing is trying to ensure that the party will return to a more traditional course in the post-Thatcher period, and perhaps even change tack, while the present Prime Minister is still in office. He does not think that there is any serious challenge from the Labour Party, or—yet—from the Social Democratic-Liberal Alliance. The Tories, in short, still have time to resolve their internal differences in the national interest.

He may well be wrong, certainly in the light of the latest opinion poll, which puts the Tories in third place. The political debate that is now beginning goes much wider than the divisions in the Conservative Party. It is about what post-Thatcher Britain will be like and who will inherit it.

It is not a debate of the normal kind because nobody knows yet how far Mrs Thatcher will have succeeded or failed by the time she leaves office. Yet, if Mrs Thatcher is judged to have failed, the failure could be spectacular. It will seem like 10 wasted years.

In the post-war period, Britain has gone from one new hope to another. Some of the hopes were fulfilled: the initial Attlee years, for example, were full of political achievement. So were some of the Tory years in the 1950s, as the economy was freed from controls. Perhaps the same is true of some of the early years of Mrs Thatcher, as the Government reduced inflation, lessened the power of the trade unions and widened home ownership by encouraging the sale of council houses. For the most part, however, it has been a story of continuing decline relative to other countries.

The difference between now and the last few decades is that there used to be something to look forward to: another way, another chance, another style. The then Mr Wilson seemed inspiring, even though he turned out not to be. So did Mr Heath. Mrs Thatcher has sounded so bold that, if she fails as well, it will be difficult to escape the conclusion that there is something wrong with Britain that goes beyond politics.

Some of Mr Pym's charges against her are fairly devastating. For instance: "In the name of competitiveness, we have endured the decimation of our industrial base, yet have emerged as uncompetitive as we started." Not to speak of the tripling of unemployment.

It will be quite hard for the country to adjust to the failure of Mrs Thatcher if she does go down, for there is nobody obviously waiting to come to the rescue.

As Lord Blake points out in his book, political parties can come to power with the backing of an intellectual revolution. Attlee clearly had that in 1945. So did the Tories in the early 1950s, though the younger Labour ministers, Wilson and Gaitskell, were already tilting towards a bonfire of controls, had they remained in office.

From one new hope to another, he first years of Clement Attlee (left) as Prime Minister were full of achievement. Mr Wilson (centre) seemed inspiring, and so did Mr Heath

Wilson seemed to have it in the early 1960s. Mrs Thatcher certainly had it in the late 1970s, though the Labour Government under Mr Callaghan was already moving in her own direction of controlling public expenditure and the supply of money.

Lord Blake quotes a private conversation with Iain Macleod, who said that the Suez campaign in 1956 was the biggest factor in losing the "intellectual vote" for the Conservatives in the next few years.

Ultimately, the loss of the intellectual vote percolates down, through the schools, the universities and the media, to the general electorate. But the process can take several years, even a decade. At present, the intellectual vote has become fragmented. Recent Tory history has been particularly confusing. Mr Heath came in as Prime Minister with a programme not dissimilar to that of Mrs Thatcher. He told the Conservative Party conference in 1970, the year in which he was elected, that he wanted to embark on "a change so radical, a revolution so quiet and so total that it will go far beyond the programme of a Parliament. . . . We were returned to office to change the course and the history of this nation, nothing less."

His Trade and Industry Secretary, the late Mr John Davies, spoke equally sternly about not propping up lame ducks.

Mrs Thatcher could hardly have put it more strongly. Yet, when unemployment passed the 1m level in early 1972, Mr Heath changed his course and began intervening all over the place.

Mr Heath's U-turn must have been one of the biggest influences on Mrs Thatcher's approach to government. She will not change tack merely because unemployment is rising. Even though the unemployment figures are now her greatest liability, there will be no very obvious switch in policy. One of the reasons is that to do so would be to imitate Mr Heath.

So the Tory party is full of quarrels, many of them about personalities and personal resentments, rather than policies. Yet, in another way, the party has scored. The early years of the Heath premiership go together with Mrs Thatcher's now. The party probably has succeeded in shifting the argument away from state intervention to more emphasis on private enterprise.

In the past 100 years or so, every Conservative administration that came into office tended to find that the country had become a bit more collectivist while it had been out, and the party moved a little leftwards accordingly. Nowadays, it seems to be the other way round. The Tories under the early Mr Heath and the present Mrs Thatcher became the intellectual pacemakers. Other parties move in their direction, rather than vice versa.

One of the key decisions to watch, for example, will be whether the Labour Party really does promise to re-nationalise everything that has so far been privatised. This week it came out in favour of the sale of council houses: a tribute to the Tories.

Dr David Owen, the leader of the Social Democrats, made a speech about ownership, too, in his Gaitskell memorial lecture at the University of Nottingham last night, in which he outdid the Government by saying that shares in the British Gas Corporation should be given away free.

What is striking about this plethora of speeches and memorial lectures—Mr Peter Walker on Macleod in Cambridge, Mr Pym in Oxford, and Dr Owen in Nottingham—is the search for past roots as well as future policies.

Dr Owen, a former Labour Minister, tried to tie himself firmly to the Hugh Gaitskell, Anthony Crosland tradition, as well as to out-Thatcher Mrs Thatcher on private ownership. Crosland, he said, had urged him a few days before he died to write a new and different analysis of the future, because the old Labour Party was too much locked in to mainstream thinking.

There is also a curious analogy between what Dr Owen called "the non-Labour Centre Left" and Mr Pym's Conservative Centre Forward group. Neither of them is an elegant title; nor is it quite clear what they are playing for.

It is just possible that the country is retreating into another burst of nostalgia: Mr Pym harking back to the Macmillan years of the 1950s, and Dr Owen saying that, if Gaitskell had survived, it might never have been necessary to form the SDP. No one should forget that those were also years of relative British decline.

Mrs Thatcher's party has not yet obviously lost the intellectual argument, though it is no longer obviously winning it. Governments can also lose elections through incompetence or looking tarnished.

Lord Blake quotes Lord Salisbury's daughter, who said of her father: "He used to declare that Mr Gladstone's existence was the greatest source of strength which the Conservative Party possessed . . . He did not shrink from facing the fact that, according to his views, the success of his own party was dependent on the existence of the other; 'I rank myself no higher in the scheme of things than a policeman—whose utility would disappear if there were no criminals'."

Governments can lose elections through looking tarnished

The Conservative Party cannot afford to make many more mistakes: otherwise, the pendulum will swing against it. One wonders how easy the transition to post-Thatcherism will be, for there is as yet no intellectual revolution to put something in its place: only dissatisfaction with the present state of affairs. That is victory in a way, but only in the sense of playing for time.

To continue the football metaphor: Mrs Thatcher has changed the ground, but we may still end up in a lower division.

*Fontana Paperbacks, £3.95.

Lombard

Victorians and the underground

By Anatole Kaletsky

CLAMBERING HOME the other day up the 120 steps at Holland Park Tube station, where the lifts have recently been taken out for a two-year renovation, I was suddenly overwhelmed by a depressing intuition. Was it possible, I thought, that London Transport would take longer today to replace two lifts than it did in the 19th century to construct the whole of the Central Line, of which the lifts at Holland Park station formed such an insignificant part?

My conjecture turned out to be misguided: it took four years, not two, to complete the Central London Railway between 1896 and 1900. This was more than twice as long as the projected period for lift renovation at Holland Park. I felt duly chastened for my romantic illusions about the Victorian age.

But then I made some further discoveries. I learned that the replacement of escalators at Holborn (another station on the Central Line) was planned to take no less than seven years. I recollected that in the 1960s it took 6½ years to build the Victoria Line—2½ years longer than it took to complete a similar amount of work 70 years earlier. By the time the Jubilee Line was opened in 1979, the situation had deteriorated much further. This stunted line, with a mere four new stations (compared with the 13 on the original section of the Central Line) had taken eight years to build.

So the original conjecture was correct—there had been an extraordinary deterioration in our capacity to get things done. Presumably technological regression could not have been the reason: electric hammers and diesel-powered drilling equipment work faster than the picks, shovels, cast-iron cutting shields and screw-jacks used by the Victorians. Neither could industrial relations alone be to blame: the seven-year schedule for installing new escalators at Holborn makes no allowances for strikes on go-slows.

Had the quality of British management declined so drastically since the Victorian era?

Within a few years of its completion, the Central London Railway was in financial trouble and, along with most of the underground system, it fell under the control of a crooked American financier, Charles Tyson Yerkes. He summed up his business philosophy as follows: "buy up old junk, fix it up a little, and unload it upon other fellows." Yet in a mere four years, from 1902 to 1906, he constructed three new tube lines and doubled the size of the London underground.

Yerkes was able to accomplish such engineering miracles by spending large sums of money and employing vast amounts of labour. In Britain today we believe we are too poor to expand and rebuild our infrastructure, despite 13 per cent unemployment. In today's "poor" Britain public works projects must be stretched out and phased so as to limit annual disbursements and employment costs to affordable levels. But are America and Japan also "too poor" to go on building their countries' physical infrastructure? In Japan, for example, less than 40 per cent of homes are connected to mains sewer systems—yet the Government believes Japan will not be able to afford a comprehensive sewer system until well into the next century.

Throughout the world this kind of timidity seems to stem from an ideological obsession against public spending. To this, privatisation of public utilities may provide a partial solution. But there is a deeper problem—as any economist knows, most infrastructure projects cannot be subjected to simple market criteria, either because they involve monopolies, increasing returns or external benefits to people who gain from the projects but cannot be made to pay directly. Private capital markets have never been able to analyse properly the potential economic returns of such projects.

This is why Charles Tyson Yerkes died a near-bankrupt, why the original investors in the London Underground lost nearly all their money and why J. P. Morgan described the financing of London's Underground as "the greatest rascality and conspiracy I ever heard of."

After 80 years of technological progress our economies can surely afford a better infrastructure than the Victorians; but unless we are prepared to bring back the Victorian financial scoundrels, our governments must take the lead. The decisions cannot be left to pension fund maangers and accountants.

Letters to the Editor

Abolish wages councils

From the Chairman and Group Chief Executive, Grand Metropolitan

Sir,—As chairman and chief executive of Grand Metropolitan, which employs 38,500 people covered by wages councils' orders, I would endorse the view of Mr Samuel Brittan (May 13) that wages councils should be abolished.

This view has been formulated as a result of our active participation on the employers' side of wages councils over a number of years.

As a principle we believe that pay and conditions are best settled, without third party intervention, between employer and employees or their representatives, in the light of their particular circumstances. This includes achieving a balance and a set of differentials in the total remuneration package which suits the company's needs and which is acceptable to employees. Our experience has shown the following.

Payment levels arising from the orders discourage employers from considering the employment of young people and the least skilled because on those terms they are not competitive.

Orders have produced awards which have been inconsistent with settlements agreed internally both in terms of improvements to pay and major conditions. In addition to the wide range of small and large employers and their varying ability to pay, seems to carry less weight than comparisons with other industries. In effect employers are not in control of planning their forward wage costs.

Under the wages councils system there is no opportunity for employers to modify the overall remuneration package to meet best the needs of their businesses and the aspirations of their employees.

In attempting to cover all eventualities orders have become wordy and complex leading to misunderstandings and misinterpretation by both employers and employees alike. As a result, administration of the orders has become burdensome and inefficient.

S. G. Grinstead.
11-12, Hanover Square, W1.

A gift for paradox

From the Deputy Director, Institute of Economic Affairs

Sir,—Professor Kaldor (May 15) has an enviable gift for paradox. He seems to defend the wages councils because they force employers to pay higher wages which increases their costs and thereby, apparently, their efficiency. Poor Mr Brittan, on the other hand, because he is prepared to accept the consequences, in terms of lower pay, of the abolition of these councils, is condemned for advocating lower productivity!!

If Professor Kaldor is so certain of his case, why does he restrict himself merely to defending wages councils? Why not urge them to double their prescribed minimum wage rates and so, presumably, end the "subsidy to inefficient employers" which is so inhibiting their more efficient rivals. I wonder how other employers would react to that?

Is this the same Professor Kaldor who urges tariff protection against cheaper imports to preserve high-cost British manufacturers?

John B. Wood.
2, Lord North Street, S.W.1.

Employment and pay

From the Director, Low Pay Unit

Sir,—"If there is one issue which will be a test of the Thatcher Government," claims Samuel Brittan, "it is what it decides to do on wages councils" (13.5.85). Since Mr Brittan acknowledges that this measure alone would have a "small" job creation effect, it would appear that the Secretary of State is being urged to abolish the wages councils, not because this would have any significant impact on jobs, but as a sign of his ideological credentials and enthusiasm for free-market philosophy.

Certainly, the evidence that abolition would represent a serious challenge to unemployment is unconvincing. We are told that if abolition resulted in wages being 10 per cent lower than otherwise 100,000 to 150,000 new jobs would appear. Yet this is a misuse of the Treasury's (somewhat dubious) assumption that a 10 per cent decline in real wages results in a 5 to 10 per cent increase in aggregate employment. Even if accepted, this macro-economic relationship between pay and jobs cannot simply be transferred to the wages council sector as if it were a microcosm of the economy at large. Samuel Brittan himself reports that employment elasticity in the clothing industry is such that a 10 per cent wage cut would create only 2 to 4 per cent more jobs. Moreover, since wages councils account for only 8 per cent of the total hourly wage bill, a reduction of one-tenth in pay in this sector—although a substantial cut for workers who are already poorly paid — would result in a decline in pay overall of only 0.8 per cent. The Treasury's "guesstimate" of the link between pay and jobs assumes that nominal demand is maintained despite the decline in wage-earner spending power. No fiscal boost is advocated to accompany wages council abolition.

The Treasury has refused to publish an estimate of the expected impact on jobs resulting directly from abolition. Neuburger's estimate for the Low Pay Unit, based on the published version of the Treasury model, suggested that at best abolition would result after five years in 8,000 new jobs — assuming no other change in policy. That would be insufficient to compensate for even one quarter of the jobs lost last month alone.

Indeed, as many employers have warned, the deterioration in business stability resulting from the spiral of wage undercutting that could ensue, might well result in reduced investment, efficiency and employment. In a recent official survey only 4 per cent of firms agreed that wages councils represented a burden on business. Workers earning between £63 and £72 a week may perhaps be forgiven for disagreeing with Samuel Brittan that they should nevertheless accept still lower pay, as a matter of ideological principle.

Chris Pond.
9, Upper Berkeley Street, W1

Forced out of work

From Mr T. Mallalieu.

Sir,—Lord Kaldor, in his letter supporting wages councils (May 15) conveniently omitted details of what happened to the Russian immigrant labour when the "parasitical" firms were forced out of business. Did the raising of their wages suddenly make them attractive to the "efficient" firms?

T. Mallalieu.
96, Repton Avenue, Oldham, Lancs.

Japanese trade wars

From Mr E. Lowinger

Sir,—Please excuse slight amusement at recent talk of trade sanctions against Japan should it fail to open its markets to the west. After all, what have we got that they could possibly want and then what sanctions could we possibly offer? To refuse to allow imports of their goods? Leave it out!

Not only does a state of trade war with Japan exist but it is a measure of the naivety of governments and commentators alike, that they do not realise the war is effectively over and that we, the west, have been soundly defeated.

You may not have noticed but a wide range of things are simply not made here any more. The destruction of whole industries, the motorcycle and the consumer electronics for example, are simply battles lost on the way. Lost and all unrecognised.

Those 4m jobs which have ceased to exist in the UK during the last eight years have simply been siphoned out of Britain into Japan. So too the £8bn or so of tax revenue and another £8bn of consumer liquidity which go with them. The mechanism of this siphonage is so subtle as to be almost miraculous but once you concede that Japan has been on a trade war footing for the last 30 years the process becomes understandable and inevitable.

The entire resources of that nation are dedicated to crippling all manufacturing capacity in the rest of the world. That end has not quite been achieved and would in any case be self-defeating, but even now that country is quite capable of satisfying total world demand for manufactured goods. It would be a tough job but by golly they could do it!

True enough, it is not only the British who have suffered, who are suffering. But we had more to lose. And we have lost it! We lost it because of the failure of a succession of governments of all political colours; because of the ignorance of past leaders of industry of both management and workforce; and most of all because of the subtle strategy of our adversaries, totally dedicated to giving us what we want, better, cheaper and more reliable than ever before . . . devastating!

Ernest Lowinger,
34, Avenue Road, N6.

Marginalised women

From Mrs R. Lawrence-Mills.

Sir,—Please could someone be helpful enough to explain to me the meaning of yet another new word, employed by one of your correspondents ("Women at Work," May 15). As a female who works, I am particularly anxious to assess whether or not I should regard myself as being "marginalised." It does really sound most unpleasant, and I feel that I ought to know.

(Mrs) R. Lawrence Mills.
Peart Hall,
Spaxton,
Bridgwater, Som.

FINANCIAL TIMES

Friday May 17 1985

John Davies reports on a developing trend as BASF expands its interests

German companies seek growth in U.S.

EXECUTIVES of BASF, the West German chemical group, have been making no secret of their desire to expand business in the U.S. As a result of their scouting forays and negotiations, they have now landed two major deals there in the past few months.

In a $1bn takeover, BASF is buying the Inmont motor vehicle coating and printing ink group from United Technologies, the U.S. industrial and aerospace concern.

The deal comes hard on the heels of BASF's decision to buy – for a reported $135m – the carbon fibres business and associated operations of Celanese Corporation of the U.S.

The moves are just the latest indication of the growing involvement of West German chemical and pharmaceutical companies in the U.S. market. Bayer and Hoechst, the other big groups, have also focused on the U.S. as a major growth target, along with smaller companies such as Schering, the Berlin-based pharmaceutical and agrochemical concern.

For the first time, Bayer pulled in higher sales revenues in North America last year than it did on its West German home terrain, aided, of course, by the strong dollar.

At BASF, based in Ludwigshafen, the drive into the U.S. is being spearheaded by Dr Hans Albers, who took over as the group's chief executive two years ago. He is an "old hand" at U.S. business, which was one of his areas of responsibility on the BASF management board before he moved up to the top job.

The U.S. takeovers illustrate key elements in BASF's strategy for the future. Having won a firm foothold in the U.S. already, it aims to build up a respectable share in what is a huge market. But, in its overall world strategy, it also aims to concentrate more on specialised chemical products involving advanced technology and high value-added, as well as products close to consumer markets.

By buying the Celanese interests, BASF is strengthening its position in high-performance plastics, whose potential market includes the U.S. aerospace industry.

Dr Albers sees high-performance plastics as a major future-oriented area of business. He foresees a new wave of substitution of high-performance plastics for more traditional materials, similar to the wave of substitution 30 to 40 years ago. But BASF is under no illusion that it will have to fork out heavy investment and face up to some powerful competitors.

The Inmont purchase is consistent with BASF's desire to concentrate more on specialist chemical operations, somewhat closer to consumer markets, rather than basic chemicals and commodity plastics.

But its real significance is its sheer size. At one fell swoop, BASF is scooping up an operation whose sales revenue amounted to $1bn last year. This is a hefty addition to BASF's existing U.S. operations, whose sales revenue last year totalled $2.376bn.

As the world's biggest supplier of printing inks, and a large supplier of coatings for the automobile industry, Inmont will supplement BASF's long-standing interests in dyes and paints. With this deal, BASF is buying a significant stake in the world's biggest national market for both car coatings and printing inks.

BASF GROUP SALES REVENUE 1984

	DM bn	% of total
EEC	23.8	59
N. America	6.5	16
W. Europe (non-EEC)	3.1	8
E. Asia, Australia	2.6	6
Latin America	2.1	5
Africa, W. Asia	1.2	3
E. Europe	1.1	3
Total	40.4	100

BASF's North American interests have been steadily growing in importance, making up 16.2 per cent of its DM 40.4bn ($13.1bn) group sales revenue last year compared with 11.4 per cent five years earlier.

The trend has been similar at Hoechst. North American business provided 15 per cent of its DM 41.46bn sales revenue last year, compared with 10 per cent five years before.

At Bayer, North American business has shown an even more pronounced increase. It produced as much as 24 per cent of Bayer's DM 43bn world sales revenue last year, compared with 15 per cent five years earlier.

The West German chemical companies have long been active in the U.S. as part of the ever-growing internationalisation required by the very nature of their business. With heavy investment and research costs, and with increasing specialisation, the major companies have felt compelled to seek wide markets.

Bayer, for instance, now earns little more than a fifth of its worldwide sales revenue on its home ground. In addition to exports from Germany, it has been building up its U.S. interests through production operations on three broad fronts – its Mobay subsidiary (chemicals), Miles Laboratories (health care) and Agfa-Gevaert Compugraphic (photographic materials and office systems).

The West German companies see their U.S. operations as long-term developments, guaranteeing access to a large and growing market and underpinned by local U.S. research projects. Currency exchange rate trends are only one of a number of factors involved.

The German chemical groups have been among the main beneficiaries lately of the high dollar, which has lifted their U.S. sales and profits in terms of D-Marks.

At the same time, the strong dollar has hit them in other ways – through reducing their U.S. plants' export earnings and through increased competition in the U.S. from foreign chemical imports. The West Germans, however, claim to have been hurt less than their home-grown U.S. rivals because the German plants in the U.S. are more involved in specialist and less vulnerable operations.

In the research field, Hoechst startled the West German academic world in 1981 by reaching agreement with the Massachusetts General Hospital to finance genetic and molecular biology in the U.S. With this step, Hoechst acknowledged the advanced position gained by the U.S. in biotechnology research but also signalled its own determination to make headway in what it sees as a future money-spinner.

BASF, meanwhile, has been building a big new agricultural research centre in North Carolina as part of its efforts to step up its agrochemical operations

With its traditional emphasis on energy resources, BASF, through its Wintershall subsidiary, has also extended its exploration activities in the U.S. by buying oil and gas interest there from Tricentrol of the UK for $73m a year ago.

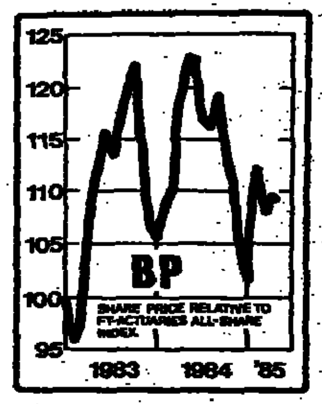
All is not rosy, however, in the U.S. garden. BASF has been taking a hard look at the loss making audio-video business of BASF Systems Corporation of Bedford, Massachusetts. Dr Albers has indicated that the corporate scalpel is being sharpened up for surgery in this area.

Aided by the strong dollar, the major West German chemical companies have all been enjoying buoyant profits during the last two years. In their long-term planning, U.S. developments figure prominently, along with the continuing adjustment to specialised and future-oriented lines of business.

THE LEX COLUMN

Double-headed dollar for BP

BP yesterday managed to confound the general wisdom that currency changes have little net effect on oil companies' trading; since what benefits upstream profits will be neatly balanced by a loss on the downstream side, and vice versa. Both the swings and roundabouts were in BP's favour in 1985's first quarter. A stronger average rate for the dollar helped push up exploration and production profits by 28 per cent and the Sohio contribution by 23 per cent while adding £112m to the value of stocks. Then the weakening of the dollar in the last few weeks of the quarter did wonders for BP's downstream business, moving replacement cost profits up to £61m. These marketing and refinery operations badly needed a dollar fall to show their new, rationalised colours – and yesterday's results show just how highly-geared they are to currency changes.



But BP should be given credit too for underlying profits growth of about half the total increase. The replacement cost after-tax profit, which strips out stock gains, has grown £78m to £402m. Production volume is up and most of its businesses – with the unfortunate exceptions of chemicals and minerals – are now seeing the benefits of greater efficiency.

Even if the dollar now stabilises, it could take a month or two for local currency prices for refined oil to catch up, narrowing margins to what they were. In the meantime, the benefit will nicely match lower upstream profits. Once stock losses and a lower contribution from Sohio are included, though, the outlook is for slightly lower earnings in this quarter.

All this assumes no fall in the oil price – and there have apparently been encouraging signs of stockbuilding by traders. If the current price can last through this month, history suggests that it should remain relatively stable through the summer. Yet BP's share price seems to include a remarkable degree of scepticism. At 553p, down 10p on profit-taking yesterday, its prospective yield is more than 8 per cent, around twice the market average.

Clive

When it comes to cashing in their chips, not even discount houses expect these days to keep anything back for good luck. In the course of doing its deal with Pru-Bache, Clive has decided not merely to cut its dividend but to come clear about its inner reserves – a gesture which more or less amounts to admitting that there were none. After a difficult year, when Clive has been by no means the only house to lose money, that is not too much of a surprise. Clive's scope for rebuilding undeclared net worth since its balance sheet accident five years ago has, with the exception of the 1982 bull market, been rather limited.

The premium to inner and outer net worth that Pru-Bache is prepared to pay is, however, handsome enough at 50 per cent. It seems that for an international combine, the chance of tacking on a discount house as part of its integrated London operation is worth paying for. It clearly does not matter to an aggressive Pru-Bache whether Clive has a balance sheet of £8m or £18m; it is the dealing capacity that matters.

Micro Focus

Anybody who believed that the troubles of the computer industry might be limited to hardware companies like Apple and Acorn has turned out to be mistaken. For the latest group to suffer a financial short-circuit is software house Micro Focus. The stock market had no need of any fancy computer programs to do some rapid short division on the company's share price when it announced a profits fall of £2.1m to £721,000 pre-tax for the period to the end of January. Yesterday the market value of Micro Focus fell from £90m to £45m over lunch.

Micro Focus was quick to blame its misfortunes on the state of the industry, particularly in the U.S. A few debtors defaulting outright and many others demanding longer credit are seen as symptomatic of an industry which is being squeezed by rising costs and falling prices.

For Micro Focus, however, this is only half the story. Even allowing for the prudent deduction of deferred revenues, total revenues rose by a very creditable 75 per cent to £15.4m. The real trouble at Micro Focus was that it seemed utterly unable to stop costs spiralling as it went headlong into its U.S. expansion. It might be charitable to see this drive as unfortunately timed. But it looks difficult to believe that stricter financial controls would not have staunched the cash drain sooner. As it is the group – no matter how strong its products – is a long way from proving that it has spent last year's £9m rights issue wisely.

London Trust

It would be a pity if the Wagnerian disappointments of London Trust's involvement in films and other venture capital projects were to discredit the idea of investment trusts exploiting their freedom to make unquoted investments. Yet there has been no doubt for a long while that London Trust itself needed sorting out, a process which has now come to a head with the circulation of a draft proposal to offer shareholders a final way out. This consists of an offer to give departing shareholders 90 per cent of net asset value in cash and, for the benefit of those who remain or take shares by underwriting the cash offer, the intention is to switch the management of the portfolio to San Francisco.

While the proposed new management of Hambrecht & Quist has come under some criticism recently – after what is thought to be a poor year's performance – some of LT's institutional shareholders must be reckoning that the second year of a high-tech bear market may be the right time to put their money in California. Although there is an attractive alternative proposal for the development of LT – merging its management with the buyout specialist, Candover – the fact that only Hambrecht & Quist are accompanied by cash seems likely to prove decisive.

Shultz and Gromyko to meet in August

By Patrick Blum in Vienna

MR GEORGE SHULTZ, the U.S. Secretary of State, and Mr Andrei Gromyko, his Soviet counterpart, are expected to resume their talks in August during ceremonies marking the 10th anniversary of the Helsinki Final Act in the Finnish capital.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, said yesterday in Vienna that after a series of discussions between foreign ministers from East and West, it had been agreed that the Helsinki anniversary should be held at ministerial level.

This would be formally agreed at the Nato ministers' meeting in Estoril, Portugal, in June, he said. Adding that Mr Gromyko supported the idea. The presence of foreign ministers at Helsinki would demonstrate a "commitment by the signatories to continue the (Helsinki) process."

Herr Genscher also held out the hope that a summit meeting between President Ronald Reagan, and Mr Mikhail Gorbachev, the Soviet leader, will still take place this year.

Herr Genscher made his comments after a two-hour long meeting with Mr Gromyko who was in the Austrian capital with several other foreign ministers for ceremonies marking the 30th anniversary of the Austrian state treaty. Mr Shultz and Mr Gromyko used the opportunity to hold a marathon meeting to review East-West and bilateral relations and a broad range of international issues.

The meeting, however, remained inconclusive on important questions which have so far stalled progress in the first round of the Geneva talks on nuclear arms control.

One of the main points at issue is President Reagan's so-called star wars project. Mr Gromyko repeated to Herr Genscher his opposition to star wars and criticised the West German Government's support for the project. Mr Genscher responded by telling Mr Gromyko that the Soviet Union could help progress in Geneva by demonstrating its own willingness to reduce significantly the number of its medium range missiles.

U.S. farm lobby sceptical about $2bn export subsidy scheme

BY NANCY DUNNE IN WASHINGTON

THE U.S. farm lobby yesterday greeted the Government's new $2bn farm export subsidy programme with reservations about its potential effectiveness in spurring overseas sales.

The EEC's Washington office meanwhile expressed its "deep concern about the way we have been singled out" for punishment, and its worry that the targeted export scheme would be "destructive to the world market."

Mr John Block, the U.S. Agriculture Secretary, announced on Wednesday that the U.S. would give away up to $2bn worth of government-owned surplus farm commodities as bonuses to both their exports in markets lost to the U.S. by "unfair trading practices."

The programme is expected to aim particularly at markets captured by the EEC through the use of export subsidy.

Ms Ella Krukoff, of the EEC's Washington office, called the scheme "an attack which will not be conducive to producing a good atmosphere for negotiations." In fact, she said, it may have the opposite effect of its intent to get the EEC to eliminate export subsidies totally.

The Community is willing to discuss agriculture, she said, but not the subsidies issue alone. It wants, for example, to discuss U.S. agricultural import produce.

U.S. analysts said that the scheme's impact was impossible to predict until the structure of the programme was made public. It was, however, "symptomatic of the growing desperation of the U.S. to do something about exports," said Mr Martin Abel, a Washington consultant.

The U.S. Department of Agriculture last week released a pessimistic forecast of 1985-86's grain exports. It predicted a drop of wheat exports from 1.43bn bushels this year to 1.2bn bushels in the coming year, and it estimated that maize sales overseas would decline from 1.95bn bushels to 1.7bn bushels.

The forecast added more pressure on Mr Block, who has for weeks been resisting demands for a new export promotion programme. Protectionist pressure in Congress "has reached a fever pitch, "he said. "It is a consideration that other countries do not appreciate," he said.

It was not clear, however, that this particular programme will satisfy farm groups. "If it sends a signal to the EEC, that is good," said Mr Brian King of the Agriculture Council of America, a group of producers and exporters. The scheme was "a negotiating ploy." The amount of subsidy was small compared to the EEC subsidies and even this small amount could lower world prices and ultimately hurt all farmers, he said.

A spokesman for U.S. Wheat Associates, an export group, pronounced himself "guardedly optimistic" but unwilling to commit himself on the sketchy details of the programme available. Miss Susan McCullough, an analyst with the U.S. Feed Grains Council, objected to a subsidy programme when the U.S. is opposed to subsidies and said it is difficult to lower prices for one customer and not for another.

Big banks may buy Maryland thrifts

By Paul Taylor in New York

CITICORP and Chase Manhattan have emerged as potential purchasers of troubled privately insured savings banks in Maryland as efforts continued to solve the state's banking crisis.

Governor Harry Hughes, struggling to resolve the crisis amid mounting public criticism of his handling of the affair and concern about the costs of any state-funded bail-out, confirmed that Maryland officials have held preliminary discussions with the two New York-based banking groups and other out-of-state financial institutions.

The talks are apparently aimed at finding buyers for the two hardest hit of Maryland's 102 privately insured savings banks. Old Court Savings and Merritt Commercial Savings and Loan Association. Both have been placed under the protection of a conservator in the wake of a severe run on their deposits.

Any acquisition by an out-of-state banking group would extend concessions recently made by Governor Hughes to Citicorp, Chase and other major banking groups to eventually allow them to set up Maryland banking units in return for the promise of creating local jobs, and would parallel the planned acquisition by Chemical Bank and Chase of troubled savings banks in Ohio.

In the meantime, as state legislators prepared for an emergency session today which is expected to consider ways to resolve the crisis – possibly including a plan to issue $100m in state general obligation bonds to fund a rescue – the run on deposits showed some signs of easing after Governor Hughes imposed a $1,000-a-month limit on individual withdrawals from the 102 savings banks.

Nevertheless queues of anxious customers remained

Citicorp buys Italian bank, Page 25

Record price paid for U.S. TV station

Continued from Page 1

1985 operating cash flow and its revenues were around $90m last year. Operating cash flow is the same as pre-interest operating profits.

The company accepted that, two years ago, similar stations were changing hands at multiples of around nine times cash flow, but denied that it was paying too much for the company. Mr Dowdle said yesterday: "You hate to go with the marketplace."

The latest deal highlights the very high prices being commanded by prime U.S. TV stations. Last week, the Hearst Corporation agreed to buy WCVB-TV in Boston for $450m. Metromedia had bought the same TV station for $220m three years ago.

Morgan Stanley has been masterminding the sale of KTLA-Channel 5, for its owners. Several companies are believed to have put in "blind bids" for the property.

Micro Focus shares fall sharply on U.S. setback

BY STEFAN WAGSTYL IN LONDON

MICRO FOCUS, one of the London stock market's favourite high-technology companies, yesterday saw its market value reduced by half to £45m ($57m) after reporting an unexpected collapse in profits.

The computer software company made just £721,000 pre-tax in 60 weeks to the end of January, against £2.8m in the previous 53 weeks. A stunned stock market, which had expected profits of over £4m, brought the shares down from 740p to 370p.

Micro Focus blamed its troubles on difficult trading conditions in the micro computer industry, particularly in the U.S. where it has been expanding very rapidly.

The company's general manager in America, Mr Tom Hartnett, has resigned.

Mr Brian Reynolds, group chairman, said: "The industry climate has changed ... We have become more exposed to the risk of our customers experiencing trading problems."

The company has made a £833,000 provision for doubtful debts. It has also become "more conservative" in its accounting policy, deferring some of its U.S. revenues to account for greater delays in customer payments and bigger risks of defaults.

As a result, total revenues of £21.4m have been cut by £6m to £15.4m, which was nevertheless 75 per cent higher than 1983's £8.8m.

Operating and development costs also rose strongly, however, from £5.7m to £13.2m, as the company expanded, increasing staff from 126 to 291.

Mr Reynolds said he expected to see the benefits of this expansion in 1985.

Micro Focus, which has been one of London's most favoured stocks since it joined the Unlisted Securities Market in 1983 and moved to a full stock exchange listing last year, is passing its dividend.

See Lex; Details, Page 28; Stock market reaction, Section III

UK stake for Girozentrale

Continued from Page 1

vestment service in Austrian companies.

David Lascelles, Banking Correspondent, writes in London: Mr Peter Mills, a partner at Gilbert Eliott, said last night that the firm felt it should be more strongly capitalised to develop its business in the fixed interest and preference share market. But the deal would also leave the firm with a degree of autonomy.

The terms are not being disclosed, but they leave the firm's 17 partners with a direct interest in the business.

Mr Mills said there was little overlap between its business and that of Girozentrale. Apart from expanding the firm's business in the international markets, he said the link would bring Gilbert Eliott business in the Austrian equity market which he believed was poised for rapid growth.

Cereals deal blocked

Continued from Page 1

the Council for failing to resolve the cereals issue in a vote.

On Wednesday, the Commission had expressed a willingness to reduce its initial 3.6 per cent cereals price cut to 1.8 per cent. But this was still too large to satisfy the German delegation.

The inconclusive outcome of the talks is certain to provoke widespread criticism from advocates of restraint on farm spending.

The readiness of member states to accept this partial conclusion of the negotiation was believed to be rooted in increasing pressure from farmers for a deal. But there was also obvious unwillingness by some countries to call the German bluff and force a final vote.

Several countries including Denmark and the UK, along with the European Commission, interpret the German action as a clear invocation of the veto. But German officials were last night at pains to emphasise the technical point that only the first section of the Luxembourg compromise which calls for further discussion, had been used.

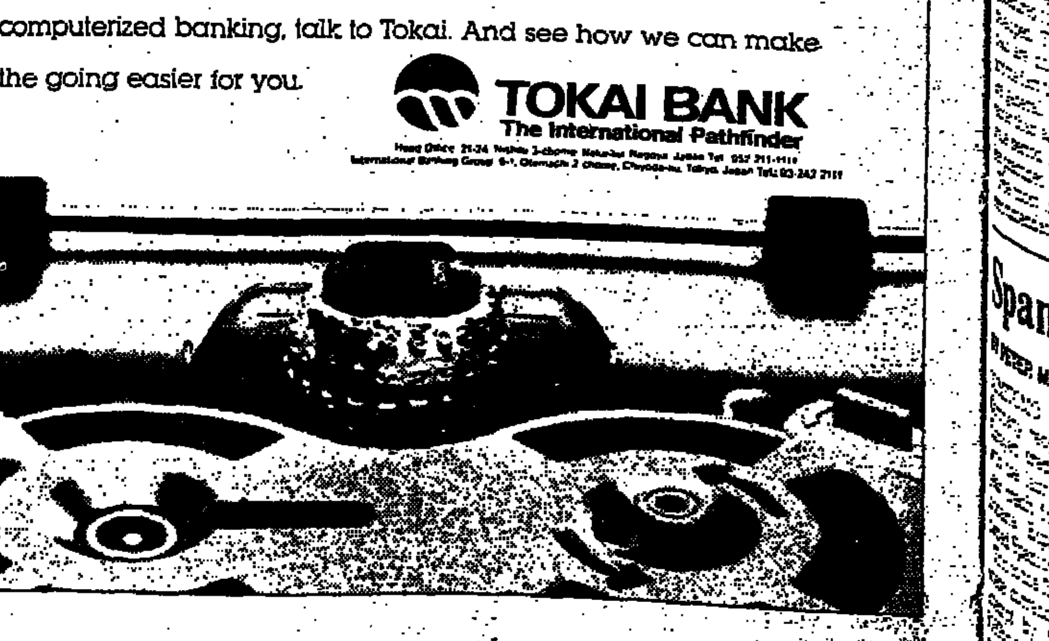
A resumption of the talks on cereals prices is planned for June 11, after an informal meeting of the 10 farm ministers to discuss the long-range future of the CAP in Siena, Italy, at the end of the month.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	15	59	Malaga	S	20	68	Salzburg	S	25	77
Akrotiri	S	23	73	Faro	F	16	61	Malta	R	17	63	Seoul	S	29	84
Algiers	F	22	72	Florence	S	22	72	Manila	S	36	97	Singapore	R	30	86
Amsterdam	S	20	68	Frankfurt	S	22	72	Miami	C	33	91	Stockholm	S	18	64
Athens	S	24	75	Funchal	C	18	64	Milan	S	19	66	Strasbourg	S	22	72
Bahrain	C	34	93	Geneva	C	14	57	Moscow	S	14	57	Sydney	F	20	68
Bangkok	S	34	93	Gibraltar	S	20	68	Munich	F	20	68	Taipei	S	30	86
Barcelona	D	13	55	Guernsey	S	17	63	Nairobi	–	–	–	Tangier	F	17	63
Beirut	S	25	77	Helsinki	S	12	54	Naples	S	23	73	Tehran	–	–	–
Belgrade	S	25	77	H. Kong	S	31	88	New Delhi	S	38	100	Tel Aviv	S	25	77
Berlin	C	13	55	Innsbruck	S	24	75	New York	C	17	63	Tenerife	F	22	72
Biarritz	C	11	52	Inverness	–	–	–	Nice	F	18	64	Tokyo	S	19	66
Blackpool	S	15	59	Istanbul	S	26	79	Oporto	F	15	59	Toronto	C	20	68
Bordeaux	C	17	63	Jersey	S	18	64	Oslo	R	19	66	Tunis	S	20	68
Brussels	F	20	68	Jo'burg	S	17	63	Paris	F	21	70	Valencia	R	14	57
Budapest	F	25	77	Las Palmas	S	22	72	Prague	S	20	68	Venice	S	23	73
B. Aires	S	23	73	Lima	C	20	68	Reykjavik	C	11	52	Vienna	F	23	73
Cairo	S	31	88	Lisbon	C	13	55	Rio de J'o	S	28	82	Warsaw	F	25	77
Cape Town	S	20	68	Locarno	–	–	–	Rome	S	22	72	Zurich	S	19	66
Caracas	R	26	79	London	S	19	66								
Casablanca	F	18	64	Los Angeles	C	27	81								
Copenhagen	F	12	54	Luxembourg	S	19	66								
Corfu	S	23	73	Madrid	C	13	55								
Dublin	F	14	57	Majorca	C	18	64								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder



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FINANCIAL TIMES

Friday May 17 1985

ITT gains 43% in opening quarter

By Paul Taylor in New York

ITT, the U.S.-based multinational conglomerate, yesterday reported a sharp 43 per cent increase in first-quarter net earnings. Separately Mr Rand Araskog, chairman, told the company's annual meeting in Savannah, Georgia that he expects sales to grow by 10 per cent this year.

The earnings rebound, which is in line with earlier company estimates, partly reflects the depressed levels of profits in the year ago period together with a reduction in the negative impact of the strong dollar. Net earnings were also bolstered by a $38m settlement of telecommunications contract disputes with Nigeria partly offset by lower volumes and margins in telephone subsets and continuing start-up and higher research and development costs in north America.

ITT, which is in the midst of a $1.7bn divestment programme, said net earnings increased to $113.3m or 75 cents a share from $79.3m or 52 cents a share a year ago on revenues which grew to $4.7bn from $4.6bn including insurance and finance revenues of $1.8bn compared with $1.6bn in the 1984 quarter.

The company noted that while the strong dollar continued to have a negative impact on earnings, foreign exchange effects reduced earnings by 8 cents a share compared with 12 cents a share a year ago.

"Each of our four major businesses showed improved sales and revenues and net income over the comparable quarter last year."

During the annual meeting Mr Araskog predicted that sales would continue to grow and that the company's manufacturing order backlog should reach $6bn by year end up from $5.53bn at the end of 1984.

Investor Mr Irwin Jacobs, a major shareholder in ITT proposed that the company's board develop and implement a plan to spin off its main business segments into three or four public companies, Reuter adds.

Mr Jacob told the annual meeting that the company is plagued by "inherent, cumbersome management problems" and is risking its assets in its current effort to focus on its telecommunications business.

Mr Araskog said the board had decided that such an option would not benefit the company or its shareholders.

Allied set to buy out Renault stake in Renix joint venture

BY TERRY DODSWORTH IN NEW YORK

ALLIED Corporation, the U.S. chemicals and technology group, is negotiating to acquire 100 per cent of Renix, the Toulouse-based car electronics group set up as a joint venture with Renault, the French nationalised motor group.

Renault is understood to be interested in disposing of its 51 per cent holding in Renix at a time when it is being forced to retrench and raise cash because of its shaky financial condition.

Allied, which has just announced a $4.5bn merger with Signal Companies of the U.S., will not comment on the discussions, or give details of Renix's performance. But it is believed that the French company had sales of around $115m last year.

Renix was established in 1978 by Renault and Bendix, the U.S. electronics and engineering group which was taken over by Allied three years ago. It began operations the following year, and has developed a product range which includes electronic components, speed controls and ignition controls.

Renault saw the project at the time as a way of moving into the fast-developing field of car electronics with the help of a specialist electrical and electronic components group. Analysts regard Renix as a good example of an effective joint venture, which has grown rapidly, serving the particular needs of Renault.

Allied's plans for Renix, should it gain control, are not clear, but it fits neatly with the U.S. company's strategy of expansion in Europe.

Allied announced a year ago that it was looking for acquisitions in the chemicals field, and more recently Mr Edward Hennessy, the chairman, stressed that he is intent on developing the aerospace and automobile activities of the company.

Allied already has extensive European interests in these areas, partly inherited from the Bendix acquisition. In France it has a particularly significant position with 9,500 employees, mainly in DBA, which manufactures components for brakes and steering systems.

Renix would complement these manufacturing operations, while being able to draw on DBA's sales network as an independent supplier to the European motor industry.

Renix has so far had little success in developing its sales to car manufacturers other than Renault, because of the reluctance of competitors to tie themselves to supplies from a Renault group company. This restraint would clearly be removed inside the Allied group.

● Paul Betts adds from Paris: the negotiations between Renault and Allied are the latest tangible sign of the new cost-cutting strategy of M Georges Besse, Renault's new chairman, who is seeking to reduce the French state car group's huge debts and losses and put it back on a recovery track.

M Besse appears intent in recentring Renault on the group's traditional car manufacturing operations. Since taking over last January he has conducted an extensive review of Renault's diverse operations.

He has already decided to abandon a high-technology venture in ceramics for car engines and has frozen a joint venture with Stanley of Japan in liquid crystal technology for dashboard instruments.

Benetton considers public share sale

By Terry Dodsworth in New York

BENETTON, one of Italy's leading clothing manufacturers, is considering a public offering of its shares in the "medium to long-term" future.

Sig Gilberto Benetton, vice-chairman of the family-owned group, said in New York that the issue was being considered because of the company's ambitious expansion plans, particularly in the U.S. At the end of last year Benetton had just over 200 retail outlets in the U.S., but it is aiming to double this figure by the beginning of 1986, and to reach 1,000 within three years.

At the same time, the company is considering the establishment of an American manufacturing facility to serve the local market, said Sig Aldo Palmeri, managing director.

Benetton's rapid growth in the U.S. has been one of the sensations of the fashion business in the last year. It has plastered a series of seven shops down Fifth Avenue, New York's premier shopping street, and expanded its franchised retail operations nationwide.

The Italian group has in the process become a prime symbol of the expansion of foreign retailers in America over the last few years, as European companies have seized the cost advantage presented by the weakness of their currencies in comparison with the dollar.

Speaking at a press conference, Sig Benetton defined the "medium" term over which the family would give consideration to the share issue as two years. Later, Sig Palmeri said the offer would be limited to 25 per cent of the equity – the minimum demanded by the Italian stock exchange authorities for an initial public offering.

He added that consideration was being given to a dual issue both in Italy and in New York, but this would depend on negotiation with the stock exchange authorities. A public offer in the U.S. where the group expects to have sales of $80m this year, would be helpful because of its funding needs in the country, particularly if it expands into manufacturing, he said.

Just over half the sales last year of L632bn ($324m) were generated in export markets.

TAX RULES AND A STABLE CURRENCY ATTRACT FUNDS

New sparkle in Belgian bourse

BY PAUL CHEESERIGHT IN BRUSSELS

THE underlying firmness of the Brussels Bourse has been emphasised by the strong market in the coupons, which give the right to take up shares in the capital issue planned by Generale Bank, formerly known as Société Générale de Banque.

Although the bourse index has fallen away from the heights reached last autumn and recent trading has been far from exciting, the demand for new shares from the trickle of issues has been high.

The subscription period for the Générale Bank's one-for-five rights issue closed before yesterday's holiday. But during the fortnight coupons traded, the price rose from BFr 46 (74 U.S. cents) to a high of BFr 85 earlier this week before finishing on Wednesday at BFr 79.

At the start of the fortnight's coupon trading, the bank shares were quoted ex-coupon at BFr 3050. On Wednesday they closed at BFr 3,290.

Rights issues planned by Banque Bruxelles Lambert and Compagnie Internationale des Wagons-Lits et du Tourisme, for which coupon trading starts shortly, are also expected by analysts to attract the attention of investors.

A steady stream of funds is moving on to the market, both for general economic reasons and for specific tax purposes. New investment opportunities can therefore be heavily traded. Normally about 300,000 Générale Bank shares are traded a year, but 3m coupons, representing 600,000 shares, changed hands during the subscription period.

One reason for this is that investors with more than BFr 1.1m in dividend and interest income draw a higher rate of tax than the normal 25 per cent withholding tax on such income if the extra revenue is not reinvested in extra shares.

Beyond that, yields on the bourse, already among the highest in Europe, have looked increasingly attractive in comparison with bonds. Interest rates are still declining.

Last week the National Bank of Belgium, which has been pushing market rates down, brought its own discount rate into line by dropping it from 11 to 9.75 per cent and introducing a floating rate. This week it clipped a little bit more off and brought the rate down to 9.5 per cent.

This not only reflected the high degree of liquidity in the market but testified to the stability of the Belgian franc. Such stability has tended to reduce the outflow of funds and induced an inflow.

At the same time, the greater strength of the domestic corporate sector, responding to the Government's policy of switching resources away from consumption, has produced a higher flow of dividends. All of these funds have needed to find a home.

Against this background, equity financing has looked cheaper than debt financing. But after the surge of rights issues in 1982-83, when Belgian companies responded to the offer of major tax concessions if new capital was raised, only the major companies, said one specialist, have room for extra equity.

But although the fundamentals of the market look good to analysts, there are constraints.

The first is the political situation. It has been evident for some time that investors have been cautious in the face of a general election planned for next December. There is a fear that a drift of votes away from the centre-right coalition parties could induce a period of instability. Such uncertainty could have an effect on the steadiness of the Belgian franc.

The uncertainty feeds into doubt about the future of measures the Government took in 1982-83 to stimulate equity investment. There were two sets of measures. The first, called De Clercq-Cooremans, provoked heavy capital raising on the market but expired at the end of 1983. The second, De Clercq-Monory, was pitched at the private investor and runs through to the end of this year.

De Clercq-Monory has been a major factor in stimulating the bourse. Total market capitalisation, which between 1975 and 1981 had fluctuated between falls of 17 per cent and rises of 9 per cent, rose 25 per cent in 1982, an exceptional 49 per cent in 1983 and 29.8 per cent in 1984, to BFr 778.5bn.

A major attraction for private investors was the provision in De Clercq-Monory which permitted share buyers to deduct BFr 40,000 from their taxable income, plus BFr 10,000 for every other person in a household. But the shares have to be held for five years, so disinvestment starts in 1987 at the earliest.

Much of the private money on to the market has passed through six investment funds – the De Clercq funds: BBL Fonds, Belfund, ES-Fonds, Fivest, Hermes and Interselex Belga Fund. At least 75 per cent of their investment now has to be in Belgian stocks, and by the end of last year their portfolios had reached a value of BFr 48.6bn compared with BFr 9.4bn two years before.

Hewlett-Packard earnings fall 12%

BY PAUL TAYLOR IN NEW YORK

HEWLETT-PACKARD, the U.S. electronics, computers and instruments manufacturer, yesterday reported a 12 per cent decline in second-quarter net earnings, despite a 10 per cent increase in revenues.

The Palo Alto, California-based group said net earnings fell to $129m or 51 cents a share in the quarter ending April 30, compared with $147m or 57 cents in the same period last year. Revenues grew to $1.68bn from $1.52bn.

Incoming orders for the quarter totalled $1.63bn, a marginal 1 per cent increase over the $1.61bn recorded in the 1984 period. Domestic orders amounted to $894m, down 6 per cent from the year-ago quarter, while international orders grew by 12 per cent to $736m.

Mr John Young, Hewlett-Packard president and chief executive, said: "Our results reflect the general sluggishness being experienced by businesses throughout the U.S. It is a difficult time, as evidenced not only by our financial results, but by those recently reported by others in our industry. It is our view that the current economic slowdown will be with us for several more months.

"Although our international orders continue to show improvement over 1984, we have begun to see growth moderate in these markets as well."

Mr Young added: "We are focusing on activities that will improve our business in the long term, such as research, new product development and college recruiting. At the same time, we are controlling spending and hiring.

"Growth in total costs and expenses, from the first to the second quarter this year, tracks revenue growth. While we have continued to add people during the quarter, it has been at a carefully controlled rate."

Conti-Gummi raises first-quarter sales

BY JOHN DAVIES IN FRANKFURT

CONTINENTAL Gummi-Werke, West Germany's largest tyre manufacturer, has staged a sturdy performance in the first quarter of this year, with group sales revenue up 6.4 per cent on the same period last year.

Herr Helmut Werner, chief executive, said that the management hoped at least to maintain the dividend of DM 3 per share which has been paid on each of the last two years' results.

Conti-Gummi increased its group net profit to DM 41.2m ($13.5m) last year, compared with DM 40.2m in 1983, while the parent company's net profit rose to DM 18.3m from DM 15.1m.

Group sales revenue was up 4.3 per cent at DM 3.5bn, more than two-thirds coming from tyres and nearly a third from other rubber products.

With dividend payments being made for two years in succession, the company has consolidated its arduous recovery from heavy losses more than a decade ago. It has steadily strengthened its position in an industry marked by fierce competition among companies fighting for survival.

Herr Werner said that the growth in Conti-Gummi's international operations had helped to offset the effects of last year's labour conflict in the West German motor vehicle industry.

The company had also achieved its goal of "qualitative growth" by giving more emphasis to sales of higher-value and technically advanced products such as high-performance and wide tyres.

Herr Werner said that work was going ahead on its new tyre, the so-called ContiTyreSystem, which could be launched on the market in about 1988. The new tyre, unveiled in 1983, hooks over the rim of a wheel rather than hanging from it and the company claims it would be safer and last longer.

Conti-Gummi claims to have found partners for the project among other tyre companies and has found interest to varying degrees among car manufacturers. It expects models with the new tyre to be displayed at the International Automobile Exhibition in Frankfurt later this year.

The company expects to have invested about DM 100m in the new tyre by the time of its launch.

French insurer boosts profits

By Paul Betts in Paris

GROUPE des Assurances Nationales (GAN), one of France's largest state owned insurance groups, reported yesterday a 52.3 per cent increase in net earnings of FFr 584.6 ($62.6m) last year compared with profits of FFr 383.9m the year before.

The percentage rise in profits is a little higher than the 45 per cent earnings increase reported at the beginning of this month by UAP, the largest French state insurance group.

GAN said revenues from premiums had increased by 11.3 per cent last year to FFr 12.12bn.

Citicorp buys Italian bank

By Alan Friedman in Milan

CITICORP, the U.S. banking group, yesterday agreed to acquire majority control of Banco Centro Sud, a Naples-based Italian state bank.

In paying around $130m for 74 per cent of the bank, which is part of the IRI state holding group, Citicorp is marking its largest single investment outside the U.S.

The acquisition completes Citicorp's European network. Earlier this year it acquired Sófican in France; in 1983 it acquired Banco de Levante in Spain and in 1972 it acquired the KKB banking group in West Germany.

Little activity in subdued Euromarket

By Maggie Urry in London

THE Eurobond market was torn between the influence of the U.S. and continental Europe yesterday. A firmer New York bond market, still expecting a discount rate cut, argued for activity in Europe. But the Ascension Day holiday across the continent meant virtually no investor interest.

In the end Eurodollar bonds opened weaker but recovered in the afternoon to finish little changed on the day. New issue managers, however, kept quiet and no deals were launched.

Orion Royal Bank will be launching an Australian dollar Eurobond today for Australia and New Zealand Banking. The A$40m seven-year issue will have a 13½ per cent coupon and will be priced at 100¼. Fees will total 2 per cent

International bond service, Page 27

Guidelines for bond issuers

BY MAGGIE URRY IN LONDON

THE NEW International Primary Market Association (IPMA), which represents banks handling new Eurobond issues, has released the first set of recommendations to its 44 members regarding the way new issues are managed.

Mr Hans-Joerg Rudloff, co-chairman of the market practices committee of IPMA, which drafted the recommendations, said yesterday that the European market had changed significantly since the procedures for running issues were developed. The speed with which deals are now brought to market and the fact that the terms of issues are generally fixed at the outset rather than agreed at the end of the issue period means that new market practices had to be adopted.

The most important of the three recommendations made is one outlining the way the book runner of an issue handles the "stabilisation account." This is a trading account used to buy or sell the bonds, and IPMA says that it should be used only "to encourage the orderly distribution of securities."

Stabilisation accounts are used in some cases to manipulate the price of bonds on the grey market – by buying bonds back from the market – in order to make the deal look successful and encourage underwriters and investors to join in.

The association recommends that any losses suffered on the stabilisation account should not be charged to co-managers beyond the amount of their underwriting fee. The book runner will have to bear any losses above that level, a restriction which should persuade book runners to price deals correctly and not spend the co-managers' fees to support a deal. IPMA also says that the stabilisation activity should end as soon as practicable after the closing date of a deal.

Other recommendations describe which costs should be charged to the borrower and which to the syndicate and how commissions should be split between management and underwriting fees. Lead managers are also recommended to send co-managers the final version of the agreements between them at least one business day before the signing.

The recommendations were unanimously agreed by the 15-member board of IPMA and are expected to be endorsed by a full meeting in early June.

Spanish group taps European market

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

SUMITOMO Trust and Banking Company reopened the moribund Euroyen credit market yesterday with the launch of a Y6bn, eight-year credit for Europistas Concesionaria Español, the privately owned Spanish motorway concern.

This is the first Eurocredit in Japanese currency since the ill-fated attempt by Sweden to raise a Y100bn credit last month. That deal was withdrawn from the market after the Japanese banking community baulked at its low 1/8 per cent margin.

Yesterday's new deal bears much more generous terms, however. Europistas is to pay interest at a margin of ½ per cent over Euroyen rates for the first five years falling to ⅝ per cent thereafter. The commitment fee of ¼ per cent is also much higher than the 1/16 per cent offered by Sweden.

Sumitomo Trust said yesterday the deal had already met a positive response from the market, but Japanese bankers point out that its tiny size means there should be no trouble in syndication.

Indeed the fact that this is the only new deal to surface in the space of nearly a month since the Swedish flop suggests the Euroyen market remains beset with difficulties. Large borrowers are still staying away out of concern that the yen could appreciate, making their repayment costs more expensive.

HK flotation by tender offer

By Our Financial Staff

HONG KONG investors will today be offered what is believed to be the territory's first share issue by tender instead of at a fixed price.

A minority stake is being offered for sale in Industrial Equity (Pacific), an investment holding company which is the local vehicle for Brierley Investments of New Zealand, the centre of Mr Ron Brierley's financial empire.

INTERNATIONAL COMPANIES and FINANCE

Ministry in bid to bail out Sanko Steamship

By Yoko Shibata in Tokyo

MR TOKUO YAMASHITA, the Japanese Transport Minister, has taken on a personal role in attempts to bail out Sanko Steamship, the debt-laden shipping group where cumulative losses are now estimated to have reached Y145bn ($581m)—the largest in Japan's corporate history.

Sanko's three main creditor banks, after intensive canvassing by Mr Yamashita, were reported to be willing to extend at least some of the additional Y75bn sought by the company as part of a revised reconstruction plan drawn up in March.

The minister has this week held a series of meetings with top executives of the three—Tokai Bank, Daiwa Bank, and Long-Term Credit Bank of Japan. Also present was Mr Toshio Komoto, the influential deputy Prime Minister, to whose faction within the ruling Liberal Democratic Party Mr Yamashita belongs.

Mr Komoto, the former president of Sanko, remains its de facto owner.

In a meeting with Mr Ryoichi Kato, president of Tokai Bank, Mr Yamashita indicated that the Government was considering measures to aid Sanko including the extension of contracts, due to expire at the end of the year, under which oil is stockpiled in idle tankers belonging to Sanko and other shipping companies.

High-ranking former ministry officials may also be appointed to strengthen its management.

Tokai, which together with the other banks was owed an estimated total of Y165bn at Sanko's March year-end, has made clear its unwillingness to make any further loans beyond next month unless the Government acts to provide some relief.

The banks until now have been unable to agree on a common approach to Sanko's restructuring proposals. The Y75bn it is seeking would be used to buy about 50 medium- and small-sized vessels in order to stem substantial outgoings in charter fees.

Other measures in the company's three-year rehabilitation programme, which began to be implemented last year, include the transfer to a new subsidiary of its 16 very large crude carriers (VLCCs), which are lossmakers, shedding as many as 123 obsolete vessels totalling 8m dwt and deploying 125 new fuel-efficient bulk carriers totalling 44m dwt. It has also been granted a three-year grace period on debt repayments.

However, in a report submitted to the ministry and the banks, Sanko has disclosed estimated net losses of Y45bn for the year to March, far larger than expected at the interim stage. This would bring the total over three years—Sanko was last profitable in 1982—to Y145bn or more.

If all the measures in the original programme had been implemented, the deficit for the latest year was believed containable to some Y30bn. Delays in the disposal of the older parts of its fleet are among the difficulties cited.

The amount of fresh funds the banks are now willing to extend is suggested to be Y23.5bn, only a third of the total sought by Sanko.

Air India

A report in the Financial Times of May 1 on financing arrangements for Air India's purchase of six A310 jets referred to Grindlays and Chartered as advisers to the airline. We have been asked to make clear that neither bank has been appointed as an adviser, although both are among the institutions interested in arranging finance for the proposed deal.

JAPANESE RESULTS

MITSUI REAL ESTATE HOUSEBUILDING		
Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	263	248
Pre-tax profits (bn)	19.43	16.18
Net profits (bn)	9.19	8.09
Net per share	21.73	21.07
Dividend	8	8
PARENT COMPANY		

MURATA MANUFACTURING ELECTRONICS		
Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	157	118
Pre-tax profits (bn)	22.62	13.45
Net profits (bn)	10.29	5.99
Net per share	78.45	63.77
Dividend	14	13
PARENT COMPANY		

ORIENT FINANCE CONSUMER FINANCE		
Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	201	164
Pre-tax profits (bn)	25.34	25.17
Net profits (bn)	11.68	9.07
Net per share	39 60	30.82
Dividend	11.5	10.5
PARENT COMPANY		

SANDEN		

YASKAWA ELECTRIC ENGINEERING		
Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	112	95
Pre-tax profits (bn)	4 32	2.16
Net profits (bn)	1.76	1.08
Net per share	8.30	6.07
Dividend	5.5	5.5
PARENT COMPANY		

ICI India set to broaden operations

Indian Explosives, the 50.8 per cent-controlled offshoot of ICI of the UK, is planning to double its rate of capital investment and is looking for new areas of expansion. JOHN ELLIOTT in New Delhi reports.

INDIAN EXPLOSIVES, the ICI subsidiary based in Calcutta, is looking for new areas for expansion following a reorganisation of its operations in the past two years.

It is bidding for a licence to develop and operate a Rs 6bn ($475m) fertiliser plant on a 1,800 km natural gas pipeline being built across India, and it wants to double its rate of capital investment to about Rs 400m to Rs 500m a year. Speciality chemicals such as polyester film for electronics, silicones, and seeds are potential new areas being examined.

Indian Explosives was the name of the largest of four former ICI companies in India which were merged last year, and it is now the only ICI company in India. It is 50.8 per cent owned by ICI, and had a turnover in the year ending September 1984 of Rs 4.65bn, up from Rs 4.07bn for the now-combined operations a year earlier. Profits before tax were Rs 192m, double the Rs 92.8m achieved in 1982-83.

The merger was organised to establish a larger and financially stronger group that would help save one lossmaker, Alkali Chemicals. It is also providing a base for expansion of the operations of the two other former companies—Chemical Fibres, and Crescent Dyes and Chemicals—which were not large enough individually to take on major new investments and weather possible setbacks in the market.

Before the merger the Indian Explosives Company, with a turnover of Rs 2bn, was successfully operating in fertilisers and explosives. Chemical Fibres had a turnover of Rs 300m in polyester fibre while Crescent Dyes and Chemicals traded in dyestuffs.

Alkali Chemicals had a Rs 8bn turnover in paints, rubber, chemicals and polyurethene. It also produced pharmaceuticals but was hit by restrictive government policies. It made a Rs 50m loss in 1980-81, curtailed to Rs 30m in 1981-92.

The idea of the merger was opposed by some parts of the Indian Government under the Monopolies and Restrictive Trade Practices Act because of the increased economic power that could be wielded against smaller competitors.

But the merger was eventually sanctioned because of the benefits of saving Alkali Chemicals and helping other expansion plans.

The old managerial power centres have been maintained with two tiers of control. At the top is Dr Satguru Baijal, chairman and managing director, and Mr Philip Daubney from the UK, who is joint managing director. They monitor the operations of five chief executives in charge of fertilisers, explosives, chemicals, crop protection and pharmaceuticals, and fibres and dyestuffs.

A Rs370m investment is planned in the former chemicals and fibres company, Rs300m of which will be spent subject to government approval on expanding polyester fibre capacity from 10,000 tonnes a year to 25,000 tonnes. The rest will go towards modernising existing facilities. This is an example of an investment which would not have been viable for the old chemicals and fibres company on its own before the merger.

Another Rs300m is being spent modernising fertiliser plants and there are a number of other smaller projects of about Rs100m to Rs120m in areas such as crop protection and pharmaceuticals. The company also has a 25 per cent stake in partnership with the Indian Government to provide fluid cracking catalysts for petrol refineries in the western state of Gujarat.

But the main investment that would provide a new focus is the planned Rs6bn natural gas-powered fertiliser plant. When offers for developing these six plants on the pipeline were originally invited three or four years ago, ICI was not ready to put in a bid. Now both the UK holding company and the Indian subsidiary feel well enough placed to take on such a project and are bidding for the plant at Shahjhanpur in Uttar Pradesh.

Originally this was allocated to the DCM (formerly Delhi Cloth Mills) group of New Delhi which has withdrawn. ICI's rivals include a branch of the Birla family of companies and Mr Swraj Paul, an Indian-born businessman based in London. He had close links with Mrs Indira Gandhi, the late Prime Minister, and would carry out the project in collaboration with Apeejay, a Calcutta-based company run in India by his brothers.

Indian Explosives would probably be prepared to use Italian Snamprogetti technology, which is favoured by the Indian Government. If it wins, it would form a new company in which it would take a 40 per cent stake, with the other 60 per cent being placed publicly in India.

If it loses, it will have to draw up a new expansion plan to meet the target rate of investment of Rs400m to Rs500m a year which Dr Baijal considers desirable.

Kyocera registers 40% advance at pre-tax level

BY OUR TOKYO STAFF

KYOCERA, the leading Japanese maker of integrated circuits, achieved a 40.2 per cent jump in parent company pre-tax profits to Y 72.4bn in the year to March, up from Y 51.65bn.

Net profits were 31.5 per cent higher at Y31.6m against Y 24bn, on turnover of Y 283.29bn, an increase of 28.9 per cent from Y 219.75bn. Net earnings per share are stated at Y 210.75 compared with Y 240.44. A term-end dividend of Y 24.13 to be paid, making the total Y 44. The previous year's total payout was Y 25.35 adjusted for a three-for-two stock split last May.

Since the year-end, Kyocera has encountered additional difficulties of a regulatory nature: some of its ceramic products were last month ordered to be withdrawn by the Ministry of Health and Welfare from use in hospitals

During the past year a 46.5 per cent gain was achieved in sales of integrated circuit packages, which accounted for 42 per cent of total turnover. Sales of other electronics components—into which it has been diversifying—surged 51 per cent, representing 17.6 per cent of the total.

Electronics equipment turnover, however, fell 35.6 per cent

The directors spokfle of poor orders for integrated circuit packages.

However, the company sees the recovery in demand for semi-conductors in the current year, for which pre-tax profits are projected to reach Y75bn up 3.6 per cent, and net earnings Y34bn, ahead by 7.5 per cent.

Hongkong Telephone lifts dividend as profits surge

BY DAVID DODWELL IN HONG KONG

HONGKONG TELEPHONE, in which Cable and Wireless of the UK last year bought a majority holding, yesterday reported pre-tax profits for the 15 months to the end of March 1985 of HK$623.7m (U.S.$80.3m)—up 24 per cent on an annualised basis from HK$403.3m in 1983.

The group also unveiled plans for a share split, to "widen the availability of HK Telephone shares to the small investor." A three-for-20 scrip issue has been proposed.

The latest profits improvement, which comes after a 39 per cent leap between 1982 and 1983, was accompanied by a final dividend of 20 cents per share. This takes the total for the 15-month period to HK$2.20, a 23 per cent rise on the 1983 dividend.

Mr Rod Olsen, who became managing director of HK Telephone in December last year, said HK$112m of the HK$623m pre-tax profit for the 15 months under review came from wholly-owned subsidiaries. He said the group gained a net 110,000 new connections during the period under review, with international telephone services reaching record levels. Significant growth in international direct dialling was in part due to the group's participation in a number of telecommunications projects in China

Cable and Wireless said yesterday that by virtue of its 79 per cent stake in HK Telephone, it would consolidate profits amounting to £60.9m into its own accounts. This will be offset by interest charges of £16.9m payable on loans raised to finance its increased holding.

Multi-Purpose Holdings hit by shipping losses

By Wong Sulong in Kuala Lumpur

MULTI-PURPOSE Holdings (MPH), the Malaysian Chinese conglomerate, has reported heavy losses in its shipping operations which dragged group pre-tax profit down 15 per cent last year to 41m ringgit ($16.9m). Turnover rose 26 per cent to 640m ringgit.

MPH's other divisions—plantations, property development, banking and lotteries—performed well,

Because of the absence of tax relief for the shipping losses, MPH had to incur a heavy tax burden of 38.6m ringgit.

The final dividend is 2.5 per cent, making 5 per cent for the year, against 2.5 per cent previously on paid-up capital of 450m ringgit.

U.S. insurers benefit from tougher policies

BY TERRY DODSWORTH IN NEW YORK

THE U.S. composite insurance companies, hot stocks for the last nine months on Wall Street, are still promising more than they can actually deliver to shareholders. Their first-quarter results are full of reports of increased prices and a positive turn in the underwriting cycle. But profits are coming mainly from areas other than the property and casualty business.

The point was hammered home by Mr Maurice Greenberg, president of American International Group (AIG) and generally regarded as one of the luminaries of the property and casualty sector. "As predicted, our insurance rates are rapidly increasing, policy forms are tightening, and underwriting is more selective," he said. He added, however, that prior inadequate rates and the strong U.S. dollar had had an adverse impact.

Mr Greenberg's remarks reflect the majority view that it will not be until later this year that companies begin to show the impact of higher underwriting premiums in their bottom line performance – and that 1986 will probably be the real turnround year.

At Aetna, for example, the largest of the U.S. property and casualty groups, chairman Mr James Lynn said that the "significant price increases in casualty and property business will benefit future earnings and should provide a basis for further improvement through the balance of the year."

Aetna, in fact, showed a substantial turnround in earnings in the first quarter, with net income rising from $22m last year to $55.5m. But a large part of this upswing came from the divestment of two ill-fated diversifications – Geosource and Urban Investment and Development – which had lost $21m last year. The rest came from a sizeable upturn in its employee benefits division, dealing with pensions and health benefits. Commercial property and casualty losses almost doubled from $10m to $18.2m.

Aetna's performance pattern was widely repeated throughout the industry, with few of the top groups showing any improvement on their property and casualty underwriting and most recording a significant deterioration. For a variety of reasons, however, most of the big groups have managed to keep out of the red in their overall activities.

The first is that many of the leading companies have been generating healthy profits in the rest of their business. Life assurance, in particular, has brought in some healthy profits – and this is a field where many of the property and casualty groups have been trying to expand their activities. Safeco, the twelfth largest U.S. property and casualty company, had a fairly typical experience. It reported record underwriting losses on its property and casualty division, but also generated "record gains" on its life and health insurance. The life business washed out about half of the $41m deficit on the property and casualty side, up from $10m in 1984.

Second, investment income has continued to provide a large prop to profits despite the softening of interest rates in the early part of this year. Many companies have reported increases of 10 per cent and more in their returns on their investment protfolios against a year ago. At The Travelers, for example, returns rose by 15 per cent from $750m to $861m.

These rises are partly the result of the way the tougher attitude now being taken towards underwriting is generating higher revenues for investment.

Although many companies have suffered a drop in the amount of business they are doing as a result of their more stringent approach to new business – in contrast to the last few years when companies have clung on to their market share at the expense of writing unprofitable contracts – the increase in prices has been more than enough to make up for the shortfall in throughput. Consequently, the total dollar value of premiums written has gone up, producing more funds for investment purposes.

At AIG, for example, net premiums in the casualty/property segment rose by 32.7 per cent from $637m to $845m, while at Chubb they increased by 31 per cent from $331m to $434m. Safeco said that the increases in its premiums (prices went up by 65 per cent on its commercial lines) "resulted in a 12.3 per cent increase in property and casualty investment income."

Third, the industry has been helped by the lack of a major calamity so far this year. There has been nothing quite to match the hurricanes and excessive frosts which brought huge claims in 1983 and 1984, adding to the underwriters' problems just at the time when they could least bear it.

Even after the turn in the underwriting cycle, the industry still has some sizeable headaches. Auto insurance, where claims continue to rise prodigiously, is one of them. Medical malpractice insurance, where some companies are dropping out of underwriting because physicians are baulking at the new premiums, is another. Product liability claims, where the law is taking an ever more generous view of the case against manufacturers, is a looming danger to the insurers that has been made even more ominous by Union Carbide's poison gas disaster in Bhopal, India.

Italian Exxon unit doubles losses

By Alan Friedman in Milan

ESSO ITALIANA, the subsidiary of Exxon of the U.S., which is Italy's biggest private sector oil company, doubled its operating losses to L174bn ($89.2m) in 1984 compared with L87bn previously. The company blamed the Italian Government for half of them. But a fall in stocks produced a profit of L178bn which enabled the company to record a net profit of L4bn, compared with a loss of L29bn in 1983.

Mr William Barnes, president, said the Government was taxing the petroleum sector excessively, preserving price controls which encouraged inefficiency and impeding rationalisation of both refining and distribution. "Neither on the part of Government nor of local authorities does there appear to be much interest in doing what is needed to remedy the situation."

Esso Italiana's revenues rose 7 per cent in 1984 to L5,915bn. Sig Edoardo de Pedys, the company's vice-president, said that part of the loss was due to the weakness of the Italian market, the rise of the dollar against the lira and the rising costs of refining. The company had attempted to offset these difficulties with improvements in efficiency, both in refining and distribution, but he attributed some L80bn of the operating loss as follows:

- L9bn to the legal requirement to keep stocks far above operating needs
- L12bn to fixed costs of an unnecessarily large filling station network, which "innumerable fetters" of a legal and administrative nature prevented being rationalised
- L18bn to lost income because of Esso being prevented from making economic use of its network
- L30bn to higher interest charges because of the absence in Italy of delayed payment of production tax on refined products and L11bn on additional interest charges.

The private sector oil companies have been lobbying for years against all these aspects of government policy.

Mr Barnes said that the oil companies were being deprived of the funds to invest in upgrading their production systems. He accused the Government of delaying the authorisation of petrol price increases when they were indicated by the agreed price reference system, and pointed out that 85 per cent of the European products market was now free of price control.

The Italian oil industry, he said, was becoming isolated because the authorities were continuing with price control, "even if camouflaged," out of "fatalistic compliance with traditions which everyone condemns with words."

Trans World takes Icahn to court

By Paul Taylor in New York

TRANS WORLD Airlines, the U.S. carrier, has filed suit against Mr Carl Icahn, the Wall Street investor, accusing him and various companies he controls of violations of the federal securities laws. A group headed by Mr Icahn has built up a 23 per cent stake in the airline's stock.

The suit charges the defendants with failing to disclose Mr Icahn's determination to gain control of the airline in order to force a restructuring of its operations, to leverage the company to a point where its viability would be jeopardised and to lay off many of its employees.

TWA's court action seeks to stop the Icahn group acquiring additional shares and to force it to dispose of the 7.56m it has acquired.

Mr Icahn, who has said previously that he feels TWA stock is undervalued and a good long-term investment, was not immediately available for comment on the suit.

Mr C. E. Meyer, TWA's president, said last week, when Mr Icahn first revealed that he had built up a 20.53 per cent stake in the airline, that his presence as a major shareholder was "uninvited and undesirable." Mr Icahn raised his stake to 29 per cent earlier this week.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 16.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax Credit 12⅝ 88	150	105⅝	106⅛	+0¼	+1⅞	10.44
Austria Rep 13⅝ 92	100	110¾	111¼	+0⅜	+1⅝	11.28
Bank Of Tokyo 12⅝ 92	100	†102¾	103¼	−1½	+0¼	11.92
Bank of Tokyo 13⅝ 91	100	108⅞	109⅜	0	+1¾	11.49
BP Capital 11⅛ 92	150	99⅞	100⅜	0	+2	11.07
Caisse Nat Tele 13¾ 91	100	110¾	111¼	0	+2¼	11.15
Canada 11½ 90	500	103¾	104¼	0	+1⅜	10.39
Canadian Pac 12½ 89	75	105	105½	−0⅛	+1⅜	11.70
CBS Inc 11⅞ 92	100	100¾	101¼	+0⅜	+2¼	11.14
Chevron U.S.A. 12¼ 89	600	103⅝	104⅛	+0⅛	+1	11.04
Coca Cola 11¾ 91	100	104⅝	105⅛	−0⅛	+1	10.63
Denmark Kingdom 11½ 92	100	100	100½	+0½	+1⅜	11.43
Denmark Kingdom 13¼ 91	100	107¼	107¾	−0⅛	+2	11.49
Denmark 13⅞ 88 XW	100	107¾	108¼	−0⅛	+1	10.77
Denmark Kingdom 14 91	100	109½	110	−0⅛	+0½	11.67
E.E.C. 11⅛ 90	100	101⅛	101⅝	−0⅛	+1⅝	10.71
E.I.B. 11 95	100	†97⅝	98⅛	0	0	11.35
E.I.B. 13 96	200	107⅝	108⅛	0	+2	11.66
Export Dev Corp 12 89	100	104⅝	105⅛	+0⅛	+1¾	10.53
Exxon Capital Corp 0 2004	1800	12⅛	12⅜	0	+0¼	11.37
Ford Motor Cred 11⅛ 95	100	98⅛	98⅝	−0¼	+1⅝	11.98
IBM Credit 10⅞ 2000	300	99⅞	100⅜	+0⅛	+1¼	10.34
IBM Credit Corp 11¾ 87	200	103⅝	104⅛	0	+1⅜	9.78
Indust Bk Japan 12⅞ 89	100	107¾	108¼	+0½	+2⅝	10.46
Indust Bk Japan 13⅞ 91	125	111⅞	112⅜	−0⅜	+2⅛	11.03
Int-Am Dev Bk 12¾ 91	150	105⅞	106⅜	+0¼	+2	11.33
Japan Air Lines 13⅝ 94	100	113¾	114¼	+0⅜	+2½	10.87
Kellogg Company 10⅞ 90	100	100⅞	101⅜	+0⅛	+1¾	10.52
Kellogg Company 11¼ 92	100	101¾	102¼	−0¼	0	10.79
L.T.C.B. 12⅞ 91	100	106½	107	+0⅛	+2⅛	11.31
Macy Cred Corp 11¾ 95	100	101⅜	101⅞	0	+1⅜	11.46
Mellon Bank 13 87	100	104⅞	105⅜	+0⅛	+1	10.31
Merrill Lynch 12¾ 89	100	104½	105	0	+0⅞	11.27
Minnesota 11½ 87	100	102⅞	103⅜	0	+1¼	9.92
Mitsubishi Corp 13¼ 89	100	110	110½	+0⅛	+2¼	10.11
Montagu 13¼ 91	100	105½	106	0	+1½	11.86
Morgan Guaranty 12⅜ 89	150	104¾	105¼	+0⅛	+2	10.84
Nippon Cred Bk 13⅞ 89	100	108¾	109¼	+0⅛	+1½	11.03
Nth America 12⅞ 91	100	105⅜	105⅞	−0⅛	+1⅞	11.55
Penney J.C. 12¾ 91	100	105⅞	106⅜	+0⅜	+2	11.31
Pru Realty secs 12⅛ 95	545	104⅛	104⅝	+0¼	+2¼	11.33
Quebec Hydro 11½ 92	100	102	102½	0	+1⅝	11.02
Ralston Purina 11¾ 95	150	101⅞	102⅜	−0⅛	+0⅝	11.38
Ralston Purina 12¾ 89	100	105¼	105¾	+0⅜	+1⅝	10.78
Royal Bk Can 12¾ 92 XW	100	103½	104¼	0	+1⅝	11.85
Saskatchewan 10 3/4 92	100	98	98½	−0⅛	+1⅝	11.11
Saskatchewan 11 7/8 89	100	104⅜	104⅞	+0¼	+2	10.49
S.N.C.F. 12⅜ 92 XW	100	102¼	102¾	0	+1⅛	11.82
Statoil 13½ 89	100	109½	110	0	+1⅝	10.48
S Wales Tray 11¾ 90	150	103⅜	103⅞	0	+1⅞	10.75
Swed Exp Cred 12¾ 88XW	100	104½	105	−0½	−0⅛	11.26
Sweden Kingdom 10⅞ 90	200	99½	100	0	0	10.94
Sweden Kingdom 11½ 89	200	102¼	102¾	+0¼	+1⅝	10.74
Sweden Kingdom 11¾ 94	100	102⅜	102⅞	+0½	+2⅜	11.28
Texaco Capital 12⅞ 87	300	104⅜	104⅞	+0⅛	+1	10.43
Texaco Capital 13½ 89	200	107	107½	0	+0¾	11.21
Toronto Dom Bk 12½ 88	100	102⅞	103⅜	0	+1⅛	11.16
Walt Disney Pro 12½ 87	150	†105⅞	106⅜	0	+1¾	9.44
Weyerhaeuser 12¼ 87	150	103⅜	103⅞	0	+1	10.40
World Bank 12¼ 94	150	105⅛	105⅝	−0⅛	+2¼	11.27
World Bank 12⅞ 94	200	108	108½	+0¼	+2¼	11.37

Average price change On day 0 on week +1¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 95	30	97¼	97¾	−0⅛	+0¼	7.36
BP Overzee 7 92	17	99¾	100¼	−0¼	+0⅛	6.99
Fed Nat Mort 6⅞ 92	50	97⅞	98⅜	+0¼	+0⅜	7.23
World Bank 6⅞ 90	25	98⅛	98⅝	−0⅛	+0⅛	7.02
World Bank 6⅝ 94	20	95⅜	95⅞	−0⅛	+0⅜	7.27

Average price change On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12¼ 97 C$	125	†101⅝	102⅛	+0⅛	+1¾	11.93
British Columbia 12 90 C$	125	†102	102½	+0⅛	+0⅝	11.36
Can Nat Rail 12½ 95 C$	100	†104¼	104¾	+0¼	+2⅛	11.70
Chrysler Cred 12⅝ 92C$	60	†99½	100	0	+1¼	12.67
Denmark 11⅝ 91 C$	100	†98¼	98¾	0	+1	11.97
Desjardins 12½ 90 C$	50	†101	101½	+1	+1⅜	12.15
E.I.B. 12 95 C$	75	†101⅞	102⅜	+0⅜	+3¼	11.63
Gen Und Bk 10½ 93 ECU	60	*105	105¾	0	+0¼	9.53
World BK 10¼ 89 ECU	125	*105⅜	105⅞	−0¼	−0⅛	8.67
World Bk 10⅝ 94 ECU	75	*106⅛	106⅝	−0¼	+0¼	9.56
Akzo 7 90 FL	150	*99⅜	99⅝	0	+0⅛	7.37
Eurofima 7½ 92 FL	50	*99⅞	100⅛	0	+0¼	7.50
Philips Lamps 7½ 90 FL	100	*101	101½	+0⅛	0	7.19
Rank Xerox 8 90 FL	100	*101⅛	101⅝	−0⅛	+0¼	7.65
World Bank 7½ 90 FL	150	*100	100¼	−0⅛	+0¼	7.47
Charbonnages 13⅞ 85 FF	400	†*101	102	−0⅛	−0⅛	10.77
American Brands 12 95 £	40	103⅞	104⅜	−0⅜	−0⅛	11.25
Amer Express 11⅜ 92 £	30	102⅛	102⅝	+0⅜	+0¾	10.85
Australia Comm 11 92 £	40	97⅝	98⅛	−0⅛	+0⅛	11.45
BP Capital 10¾ 92 £	50	96⅞	97⅜	+0⅛	0	11.32
E.I.B. 11⅛ 93 £	50	97⅛	97⅝	−0⅜	0	11.64
Inco 12¾ 93 £	50	99½	100	−0⅛	+0¼	12.77
Mcdonalds 10⅞ 90 £	40	98	98½	−0⅛	+0⅜	11.35
Norsk Hydro 11⅝ 91 £	50	102⅜	102⅞	−0⅛	0	10.97
Privatbanken 11⅞ 92 £	20	98⅜	98⅞	0	+0½	12.17
Rank Xerox 11 92 £	40	96⅜	96⅞	−0⅛	0	11.73
Royal Trustco 11⅜ 90 £	30	98⅞	99⅜	0	+0⅛	11.60
Ster Drug Cap 10⅞ 90 £	30	97⅝	98⅛	−0⅛	+0⅛	11.45
Swed Exp Cred 11⅜ 92 £	50	99	99½	0	+0¼	11.52
Tsthouse Forte 11⅛ 90£	50	97⅛	97⅝	0	0	11.85
World Bank 11¼ 95 £	100	98	98½	−0⅛	+0⅝	11.55
E.C.S.C. 10½ 94LF	100	*103⅝	104⅝	0	+0⅞	9.79
Nat Lux Alum 10½ 92 LF	600	*103⅞	104⅞	0	+0⅞	9.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100⅛	100⅜	11/10	9⅝	9.60
BankAmerica O/S 5¼ 96	0⅛	100⅛	100⅜	28/5	8.81	8.79
Bank of Montreal 5 96	0⅛	100½	100¾	29/7	8¾	8.70
Bankers Trust 5 2000	0	99¾	100	11/6	9.81	9.82
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/5	9.31	9.29
Barclays O/S Inv 5 2004	0⅛	100⅜	100⅝	4/9	10¼	10.20
B.F.C.E. 5¼ 89	0⅛	100½	100¾	13/9	10.06	10.00
B.N.P. 5¼ 95 (July)	0¼	100	100¼	22/7	9⅛	9.11
C.C.F. 5¼ 97	0	99⅝	99⅞	22/9	10⅝	10.65
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/6	9.69	9.69
Citicorp O/S 5¼ 96 Sep	0⅛	100	100¼	19/12	11.19	11.17
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Dresdner Fin 5¼ 89	0	99⅞	100⅛	25/5	9⅜	9.38
Ireland 5¼ 97	0	100¼	100½	26/10	9.69	9.65
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.96
Italy, Republic 5 94	0⅛	99⅞	100⅛	9/5	9.94	9.94
Lloyds Euro 5 2004	0⅛	100	100¼	10/10	9⅛	9.11
Midland Int Fin 5 99	0⅛	100⅜	100⅝	6/9	10.44	10.39
Nat West – Perp 5 99	0⅛	100¾	101	13/5	10⅜	10.29
Queensland Coal 5¼ 96	0¼	100½	100¾	9/5	10.06	10.00
Roy Bk Scot 5¼ 2005 £	0	99¼	99½	2/5	5¼	5.29
Societe Gen 5¼ 95	0	†100⅝	100⅞	12/10	9½	9.43
Sweden Perp 5¼ 85	0¼	100¼	100½	9/7	9.44	9.40
Tokai 5¼ 99	0⅛	100⅜	100⅝	12/6	9.94	9.89
Toyo 5¼ 99	0⅛	100¼	100½	14/5	9.81	9.78

Average price change On day 0 on week 0

U.S. Quarterly Results

ANACOMP
Computer software, data services

Second quarter	1984-85 $	1983-84 $
Revenue	31.8m	35.4m
Net profits	6.5m	†27.0m
Net per share	0.33	†2.13
Six months		
Revenue	63.3m	70.1m
Net profits	4.0m	†64.1m
Net per share	0.23	†5.06

† Loss

COASTAL CORP.
Energy supply

First quarter	1984-85 $	1983-84 $
Revenue	1.51bn	1.77bn
Net profits	36.4m	50.2m
Net per share	1.20	1.42

DRESSER INDUSTRIES
Energy equipment

First quarter	1984-85 $	1983-84 $
Revenue	1.04bn	904.9m
Net profits	23.3m	22.8m
Net per share	0.31	0.28
Six months		
Revenue	1.98bn	1.69bn
Net profits	38.6m	32.2m
Net per share	0.51	0.40

Strong dollar boosts BP profits to £402m

BY DOMINIC LAWSON

British Petroleum, the UK's biggest company, yesterday reported replacement cost net profits for the first quarter of £402m, up £78m from the comparable period of 1984.

BP's share price responded with a 10p fall to 553p, but this represented profit-taking after the anticipated good results. At the start of the week, BP's share price was only 540p.

A sizeable amount of the increase in profits was due to the stronger dollar, which caused higher sterling income from oil production generally, which is dollar denominated, and from Sohio, BP's U.S. affiliate.

However, genuine improvements in underlying profitability helped to produce record quarterly results. In particular oil analysts were impressed by the performance of BP Oil International, the refining and marketing arm. This turned in an operating profit of £61m, compared with just £11m in the previous quarter, when BP was making losses in Germany, France and the UK.

Mr David Gray, oil analyst at brokers James Capel, said that BP could have made about £50m of the £61m in March, showing that "BP can make £150m downstream in a good quarter." The key to the surge in March is that as the dollar weakened BP's crude purchase costs fell, but that fall was not fully reflected in retail price cuts to the consumer.

The strong dollar overall in the quarter helped to boost BP Exploration's profits to a record operating result of £437m, up from the £341m of the 1984 comparable period. North Sea production averaged 509,000 b/d compared with 513,000 b/d in the fourth quarter of last year. However, overseas production, at 183,000 b/d, was up by 46,000 b/d over the previous quarter.

BP generated funds in the period of £1.6bn, an increase of almost £200m on the 1984 first quarter. BP spent £1.5bn on capital expenditure and acquisitions, but by the end of March its liquid resources had risen to £2.6bn.

What BP might do with its cash is the abiding City interest in the company at the moment, with some speculation that BP might use some of the funds to buy the shares held in it by the Government.

BP Chemicals International made operating profits of only £4m, compared with £26m in the comparable period. BP blames this on a weak market, and on the incurring of "significant abnormal costs" because of harsh weather conditions.

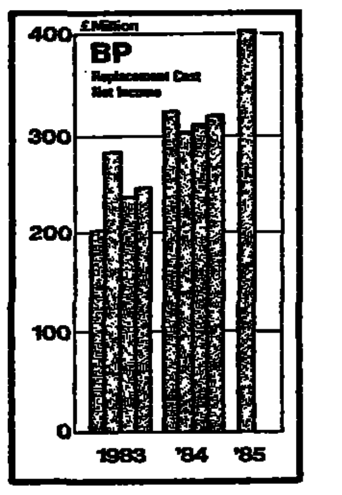
Sohio, BP's U.S. affiliate, made an operating profit of £647m, up £100m on the previous quarter. The main reason was the £89m improvement in exploration and production profits, with an increase of 15,000 b/d to 685,000 b/d in Alaskan production, and an increase of 2,800 b/d to 19,800 b/d in the Lower 48 States.

BP as a whole made a historic cost net profit of £515m, compared with £342m, but the 1985 figure included a stock holding gain of more than £100m.

At the operating level, BP made a replacement cost profit of £7.2bn, compared with £961m for the first quarter of last year.

Oil analysts expect BP to produce net profits for the whole year of about £1.6bn, and Mr Michael Unsworth, oil analyst at brokers Scott Goff Layton, said yesterday that "BP's performance is extremely good."

See Lex



Sir Peter Walters, the BP chairman . . . genuine improvements in underlying profitability helped produce a record quarter.

Bristow lays claim to 17% of Westland

By Charles Batchelor

Bristow Rotocraft, the newly-created company through which Mr Alan Bristow is bidding £89m for Westland, the troubled UK helicopter maker, yesterday claimed effective control of just over 17 per cent of Westland.

Bristow's offer document said that founding investors in the consortium of institutions backing the bid and their associates held or managed funds holding 9.9m Westland shares equal to 16.7 per cent of its equity.

These holdings were in addition to the 350,000 shares—0.6 per cent—Bristow said it owned when it announced its bid on April 29.

Schroder Wagg, Westland's merchant bank adviser, countered that the managers of some of the holdings might not wish to accept the offer.

Schroders added: "It is a correct legal interpretation of what the founding investors hold, own or manage but they do *not* amount to irrevocable commitments. This is an attempt by Bristow to give the impression that they have these shares in the bag."

Kleinwort Benson, which is advising Bristow, said *that* while the acceptances were not irrevocable Bristow thought it would be "cleaner" to list all the holdings.

"You can take it that if the founding investors are prepared to put up £60m to finance the offer they will accept the offer," Kleinwort said.

The 16.7 per cent holding comprises 5.4m shares under *Robert Fleming Investment* Management; 2.2m shares with M & G Investment Management; 1.3m with Allied Unit Trusts; 1m with Baynards Holdings, a Liechtenstein company controlled by Mr Bristow; 61,000 held by Hoare Govett on behalf of non-discretionary clients; and 25,000 held by Investos in Industry.

Bristow also disclosed that it had granted to the founding investors options to subscribe for up to 10 per cent of Bristow's capital at the original subscription price of 150p. Schroders said this *would represent a further* dilution of the Westland shareholders' equity stake in Bristow, if the bid succeeded.

In his letter to Westland shareholders Mr Bristow argued the company needed "new leadership, new money and a new approach." Bristow intended to "transform the Westland helicopter business into an aggressive and expanding series of new and allied enterprises and to dispel any belief that the Government owes Westland a living."

He described its performance over the past five years as "pedestrian" and *its entry* into the civil helicopter market as "very costly and ill-conceived."

Schroders said it was easier to analyse the problems than find solutions and Bristow had not made its solutions evident. Westland's shares rose 1p to 148p yesterday—2p below the value of the all-share offer.

U.S. bank plans management switch for London Trust

BY ALEXANDER NICOLL

INSTITUTIONAL shareholders of London Trust, an investment trust with net assets of around £100m, are being circulated with proposals for a management switch to Hambrecht & Quist, a U.S. investment bank which plans to liquidate the portfolio and invest it instead in U.S. venture capital situations.

The plans, due to be formally sent to *shareholders next week*, have been finalised after three months of hard negotiation since the announcement in February of Hambrecht & Quist's approach.

They are being made, along with a cash offer at 90 per cent of net asset value for shareholders not wishing to stick with the new investment policy, over the opposition of Mr Henry Berens, the trust's managing director.

He is understod to favour an alternative proposal from Candover Investments, the UK management buyout specialist. Candover would reinvest up to 40 per cent of London Trust's portfolio in management buy-outs, and would meanwhile reverse the trust's current policy of reducing unlisted investments. The London Trust and Candover mangements teams would merge.

In a fierce behind the scenes battle, waged over the past three months, opponents of the Hambrecht & Quist plan have cast doubt on the recent performance of the San Francisco-based concern, and on the likelihood that London Trust would retain its Stock Exchange listing and investment trust status.

All of these doubts were emphatically dismissed yesterday by County Bank, advisers to Hambrecht & Quist.

In a letter to institutions holding some 60 per cent of London Trust's shares, Mr E. H. P. Welman, the trust's chairman, said the U.S. bank's proposals would only be pursued if undertakings to vote in favour of them were received covering at least half of the trust's equity. The plans have the backing of Baring Brothers, advisers to the trust.

If the Hambrecht & Quist plan fel lthrough, he said, the trust would look more closely at the Candover proposal.

The plans being circulated carry a warning to shareholders that the new policy would involve "a high degree of risk." Investments may require five years or longer before the trust considered them suitable for disposal. Investors in the trust could expect little, if any, dividend income.

The current board would resign and be replaced by Mr Alfred Singer, chairman of Cannon Insurance, Mr Ian Rushbrook, a director of investment managers Ivory & Sime, and Mr Ian Henderson, general manager of London and Manchester insurance group. Mr Berens would receive compensation yet to be determined. Hambrecht & Quist would receive a management fee of £1.5m in the first year.

Heath's operating profit over £30m for first time

OPERATING profits have exceeded £30m for the first time in a full year at C. E. Heath, the international insurance and reinsurance broker and underwriting agent.

Turnover for the 12 months to end-March 1985 advanced from £49.42m to £58.81m and generated an operating result of £32.65m *compared with* £23.62m.

However, there were further exceptional debits of £2.53m, against £4.48m, in respect of a reappraisal of estimated provisions in respect of a number of potentially irrecoverable amounts owed by insurers and intermediaries in the late 1970s.

The taxable result emerged at £30.12m, up from £19.14m, and after tax of £10.83m (£7.63m) earnings per share were well up at 61p (36.9p).

A higher final dividend of 15p (11.75p) is recommended, which lifts the total distribution to 21p (17p).

● comment

Whether C. E. Heath and Hogg Robinson merge and if so on what terms, is of more pressing interest to the City than Heath's latest set of results. Nevertheless a 38 per cent increase in operating profits at the high end of analysts' forecasts was quite well received, and the share rose 13p to 593p. High interest rates, rising brokerage and underwriting rates all contributed to good underlying growth, while currency gains, estimated at around £3.9m for the year were an added bonus. Heath's shares have been on a discount to the sector for some time, mainly due to the risk that workers' compensation business in Victoria, Australia (from which Heath may have earned about £6m last year) will be natioanlised. Despite the company's *insistance that even if the* move is taken this year, their underwriting profits will not be changed, the risk remains, and the market is further concerned that other Australian states could follow suit. Barring huge swings in exchange rates the company should make about £35m this year, which wiuld imply a p/e of 8 (assuming a 30 per cent tax rate).

Bush Radio

Bush Radio, the USM quoted manufacturer and distributor of consumer electronic products, notched up a 23 per cent increase in taxable profits from £790,000 to £971,000 over the first half of the 1984-85 year.

"Newly introduced audio products are proving very successful with consumers in the UK and abroad," say the directors.

Turnover for the six months to end-February was up at £6.57m against £5.99m. Earnings per share amounted to 6p (5.2p) after tax of £407,000 (£347,500)—the board will only be recommending a final dividend in respect of the full year.

Dubilier continues growth to £2.9m in first half

WITH A 26 per cent pre-tax profit increase from £2.31m to £2.9m for the first six months to end-March 1985, Dubilier, Oxfordshire-based manufacturer of electric and electronic components, continues its growth.

The interim dividend is raised by 10 per cent to 1.1p. Last year a total of 2.4p was paid on record profits of £5.53m. Stated earnings per 5p share are shown higher at 4.8p (3.5p).

Group turnover during the period improved from £21.12m to £24.7m, and the directors say that demand for components has remained strong, although some weakness has been experienced in the U.S. personal computer market.

While the unsettled state of the U.S. market makes it difficult to predict the group's performance in the short term, it is anticipated that satisfactory progress will be made during the second half.

Investment in new products and equipment continues, with all divisions introducing new products to their markets during the first half.

As indicated in the 1984 annual report, the group was seeking new investment partners for its U.S. Ion Beam Systems. Agreement in principle has been reached with a syndicate of U.S. and UK venture capitalists whereby they will fund Ion Beam Systems, a new company into which the operations of Ion Beam Technologies and Dubilier Scientific are being transferred.

The group will hold an interest in Ion Beam Systems

● comment

Even low-risk Dubilier, maker of medium-tech connectors is not entirely insulated from the violent swings in the high tech markets that it supplies. The turndown in the personal computer market in the U.S. knocked some 10 per cent off the turnover of its subsidiary, Edac; while Flight Connector is being hit by the weakness of the defence and aviation markets. However improvements elsewhere have been large enough to ensure a good result overall, and in particular, Automatic Connector, which supplies the growing communications markets is continuing to do well and has increased sales by a third. The City has taken cheer from the company's statement that it is now putting the finishing touches to an agreement that will greatly reduce its stake in Ion Bean Technology, which is currently loss making and in need of development finance. The agreement should help reduce gearing from the current level of 55 per cent. If Dubilier turns in profits of £6.8m for the full year, its shares at 172p are on a multiple of 13 on a tax charge of 35 per cent. That takes account of fairly good growth prospects and a strong management team.

Steinberg lifts Vickers holding to 6.6%

Mr Saul Steinberg, the Wall Street financier, has increased his holding in Vickers, the UK engineering group which makes tanks and Rolls-Royce cars, from 5.5 to 6.6 per cent.

His Reliance Group Holdings has said that the stake, first dis*closed earlier this month*, was acquired "for investment purposes."

Mr Steinberg has been a controversial figure on the takeover scene on both sides of the Atlantic. His most recent well-publicised venture was a "greenmail" operation last year on Walt Disney Productions, from which he made a $32m profit.

Witan expands

In the year ended April 30 1985 net earnings from Witan Investment Company have risen from 2.64p to 2.8p, and the net dividend is lifted from 2.55p to 2.75p with a final of 1.45p.

At the year-end net asset value per share was shown at 202.7p (173.8p) taking prior charges at par and at 204.1p (175p) taking them at market value. Assuming full subscription of warrants the par value was 198.2p (171.9p) and the market value 199.4p (173p). Net assets per warrant taking prior charges at market value stood at 45.2p (18.9p).

For the year investment income totalled £10.7m (£8.59m) and interest on short term deposits came to £628,000 (£138,000), while interest charges soared to £3.6m (£1.35m). Tax absorbs £2.42m (£2.39m) leaving the attributable balance at £4.86m (£4.59m).

Lord Kindersley is not seeking re-lection to the board at the AGM because of other commitments. Mr D. Backhouse has been appointed a non-executive director with immediate effect.

Micro Focus shares down 50% as profits tumble

Micro Focus Group's shares were marked down by 50 per cent to 370p yesterday following the company's announcement of a slump in profits for the 60 weeks to end-January 1985.

The taxable result of £721,000 compared with City expectations of £4m plus and the £2.84m attained in the previous 53 week period.

Earnings per share plummetted from 23p to a nominal 0.1p—there is still no dividend.

Micro, a computer software group, has been hit by sharply increased operating costs and £1.35m worth of exceptional items, which consisted of £833,000 for doubtful debts and the remainder for unsuccessful attempts of hedging currency risks.

Total operating and development costs more than doubled from £5.75m to £13.32m, which completely wiped out a £6.62m advance to £15.39m in net revenue.

Mr Brian Reynolds, group chairman, says that trading conditions in the micro computer industry have been difficult. This was particularly so in the U.S.—Micro's general manager *in the U.S., Mr Tom Hartnett,* has resigned.

"We recognise that in the present unsettled state of certain sectors in the micro computer industry, we have become more exposed to the risk of our customers experiencing trading problems," says Mr Reynolds.

This brought about the provision for bad debts and has also led to an alteration of the company's previous policy of booking all revenues and corresponding costs once there was a binding or non-cancellable licence agreement.

"We now defer a percentage of revenue where there is customer installation work to be done prior to delivery or in certain contracts where payment is to be made over an extended period.

"These revenue deferrals have reduced the net revenue we are recognising in this year by £6m," he says. Contracted revenue for the 60 weeks amounted to £21.29m against £9.52m for the previous period.

Despite the setbacks, he says that "our commitment to technological achievement remains strong and the group is well positioned to continue its market leadership into the coming year."

PROFIT AND LOSS

	60 weeks 1984-85 £'000	63 weeks 1983 £'000
Contracted rev.	21,394	9,515
Deferred rev.	6,004	743
Net revenue	15,390	8,772
Operating costs:		
Sales variable	1,408	1,767
Other	9,415	3,439
Developments	2,493	542
Exceptionals	1,353*	186*
Pre-tax profit	721	2,838
Tax	696	524
Extraordinaries	480*	—
Retained	467†	2,305

* Debit. † Loss.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bank of Ireland	12	July 5	12	17.5	17.5
Benlox	0.6	July 5	0.5	1.1	1
Case	0.9†	July 3	0.69*	1.35	1.03*
Country & New	1	Oct 1	0.85	1.5	1.25
Davenport	6.3	—	1.81	6.3	6.13¶
Dubilier int.	1.1	July 26	1	—	2.4
Feedex	0.5	July 12	0.65	0.5	1.15
John Foster	2.5	July 10	1.75	3	2.25
Fulcrum Inv Tst int.	2.2	July 1	2.2	—	5.25
Hanover Invests.	2	July 31	1.23	3	2
C. E. Heath	15	—	11.75	21	17
Henderson Group	3.75	July 12	3.4	6	5
London Atlantic Inv Tst	4.25	—	3.8	6.1	5.55
Robert Moss	2.1†	July 15	1.7	3	2.5
NSS Newsagents int.	1.35	July 10	1.2	—	3.3
Western Selection int.	1	July 4	1	—	2.7
Witan Inv	1.45	July 18	1.35	2.75	2.55

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includes 4.31817p for 1979.

BOARD MEETINGS

TODAY

Interims:—Radio Clyde, Reliant Motor, Rosehaugh.

Finals:—Asset Special Situations Trust, Feb International, Personal Assets Trust, Yorklyde.

FUTURE DATES

Interims:—

Bankers Investment Trust	June 20
English China Clays	June 7
Hoggett Bowers	May 20
United Scientific	May 23

UK COMPANY NEWS

Bank of Ireland depressed by I£84m debt provision

Bank of Ireland's trading profits fell 17 per cent in the year ending March 31 1985 because of a doubled provision for bad and doubtful debts, resulting mainly from the economic recession in Ireland.

The total dividend will be held unchanged at 17.5p with the directors recommending a same again final payment of 12p. Earnings per share were down from 70.1p to 41.3p.

Profits before interest on loan capital and taxation were I£67.4m, down from £81.6m the year before. The loan loss provision was £83.8m, slightly more than double the previous year's £41.8m.

The group described the results as "a disappointing setback" but stressed that its subsidiaries had a good year.

Mr Maurice Keane, the managing director, said the large provisions resulted from the much closer scrutiny given to the bank's loan portfolio at branch level. Most of the problem loans were in agriculture where the price of land had levelled off, in personal lending and in smaller businesses.

However, the bank was now satisfied that provisions were sufficient to cover its customers' circumstances, and the current values of the security held.

The group had restrained the growth of its balance sheet last year: total assets were up only 3.3 per cent to £6.6bn. The contraction had occurred mainly in the bank's wholesale business; assets on the retail side grew 11 per cent. This helped maintain a high ratio of capital to total assets of 6.5 per cent.

Among the subsidiaries, the Investment Bank of Ireland's profits rose by £2.6m to £10.4m, Bank of Ireland Finance by £0.1m to £8.2m and British Credit Trust by £1m to £4.2m.

CONSOLIDATED TRADING PROFIT

	1984-85 I£m	1983-84 I£m
Income	998.0	830.1
Interest payable	671.5	544.0
Net interest	326.5	286.1
Other income	65.1	53.0
Total income	396.1	339.1
Loan-loss provision	83.8	41.8
Net operating income	307.8	297.3
Total operating expenses	-241.7	217.7
The ban-" and subsidiaries	66.1	79.6
Share of associates	1.3	2.0
Total	67.4	81.4

Boardroom battle looms at Windsor Securities

BY MARTIN DICKSON

A BATTLE for boardroom control is shaping up at Windsor Securities, the insurance broker which, under its previous name of Brentnall Beard, was deeply involved in the Sasse affair at Lloyd's.

Lander Investments, an insurance company which recently acquired a 14.9 per cent stake in Windsor, has made a requisition for an extraordinary general meeting at which resolutions would be proposed to appoint four new directors to the company.

Since Windsor at present has just three directors, this would give management control to the newcomers, who have links with Lander on another insurance company, Triton.

However, Mr Maurice Fullerton, brought in as chairman to restore Windsor to health after the Sasse affair, said yesterday that the board would strongly oppose the move.

"Any attempt to acquire management control of a listed company with a shareholding of 14.9 per cent without making a bid must be resisted," he said. "I hope that the appropriate City authorities will take due note of this comment."

Windsor, which has a market capitalisation of £4.3m, produced pre-tax profits of £296,000 in the year to September 1984. This marked a further stage in the gradual recovery of a company which plunged into loss following the 1978 Sasse sacndal. Brentnall Beard was the company which introduced to the Sasse syndicate the U.S. business on which it made its severe losses.

The names put forward for board membership in the EGM requisition are Mr John Carr, Mr Robin Cullen, Mr David Owen and Mr Brian Eve.

Windsor says that apart from Lander its shareholders include Udaset Holdings, headed by Mr Stanley Cohen, with 13 per cent; Mr David Kirch's Jersey-based Channel Hotels and Properties, with some 6 per cent; and Mr Peter Bishop, a partner at brokers Laurie Milbank, with 5 per cent.

Clients of Laurie Milbank are believed to hold some 10 to 15 per cent of the equity, while Mr Fullerton holds 4 per cent and another board member, Mr Nick Beard, has 9 per cent.

Investors Capital forms management company

BY CHARLES BATCHELOR

Investors Capital Trust, the Edinburgh-based investment trust, is to turn its existing in-house management team into a separate management company. The new company well be beaded by Mr David Williams, former deputy managing director of the Muray Johnstone fund management group.

The trust believes this change will allow it to attract and keep skilled staff more easily and aslo to attract additional funds for it to manage.

The trust, which is capitalised at £191m, will take a substantial majority holding in the new management company while members of the management team will also be offererd shares.

The management team will *comprise the existing four senior* investment managers and their *assistants, but Mr Tom Wheeler*-Carmichael, the present manager is to leave at the end of July after 22 years with the trust.

Mr Williams, aged 40, was largely responsible for the development of pension fund busi ness at Murray Johnstone, which has £2bn worth of funds

Mr Williams said: "It is a very competitive market place. We will orient ourselves more towards marketing and will raise our profile. The idea of the management company is to be able to recruit good people to cope with the increasing complexity of the securities market.

Mr Ray Kelly, investment trust analyst at stockbrokers James Capel, commented: "The days of the investment trust on its own are numbered. You have to be seen to have viable management group to expand your investments.

"Independent investment trusts face either being broken up, taking over someone themselves or doing what Investors Capital is doing.

It was not immediately clear how the Kuwait Investment Office which recently increased its holding in the trust from under 5 per cent to about 17.4 per cent, would react to these changes.

ATC buying specialised textiles group

Allied Textile Companies, which is fighting a £44m takeover bid by London and Midland Industrials, yesterday injected a major new element into the battle with an announcement that it had agreed to buy the unquoted Mayfield specialised textiles group.

Mayfield, established four years ago in a management buy-out of ICI's yarn processing activities, would cost it £1m in cash and the issuing of 1.8m ATC shares. On the stock market, ATC shares closed unchanged last night at 495p.

The deal is subject to shareholders' approval and the lapsing of the LMI bid.

Mr Russell Smith, the ATC chairman, said last night that the deal would increase its textile profitability by about 40 per cent and improve earings per share. ATC made some £3.8m pre-tax from this sector last year, while Mayfield had made about £1.4m, up 40 per cent on the previous year.

The new shares to be issued under the deal would repersent 16 per cent of ATC's enlarged share capital.

Some 85 per cent of the new shares would go to the Mayfield *management team, who have* pledged to be long-term holders *of ATC stock and ont to sell any* of their shares before February, 1987.

ATC said earlier this month *in its defence document that it* was planning to expand its textile *businesses, after years* of retrenchment, both by acquisitions and *organic growth*. Mr Smith said last night that the Mayfield deal was one of three possible acquisitions under consideration.

Since the buy-out *from ICI*, Mayfield has acquired the William Reed group, British Furte Fabrics and S. Redmayne and Sons for a total of £3.1m. Mayfield's net tangible assets are put at £2.7m as of March 29.

LMI, which has extended its offer until May 24, after picking up just 0.117 per cent of shares for every 5 in ATC. On the basis of last night's LMI closing price of 179p, down 2p on the day, that values each share at 465.4p.

North Sea & Gen.

North Sea & General Oil Investments swung round from a £0.72m loss to a pre-tax profit of £1.93m in 1984. The transformation follows the acquisition of a unit in the Forties Field at the beginning of the year and of 1 per cent of the Claymore Field halfway through the period.

Turnover of this USM company amounted to £13.14m (£36,000) and represents a full year's production from Forties and half a year from Claymore. The group benefited from the strong dollar in relation to the sterling price it received for its oil, but finance charges of £1.08m (£8,000) were inflated by a £0.74m unrealised loss on group borrowings.

Exploration charges written down came to £3.51m (£307,000). As a result of a change in accounting policy, exploration expenditure has been written off on a unit of production basis. Deferred petroleum revenue tax took £1.52m (nil) and stated earnings per £1 share were 1.74p. There is no dividend.

Country & New Town

A 22 per cent increase in full year taxable profits from £2.86m to £3.48m has been achieved by Country & New Town Properties.

The directors are recommending a higher final dividend of 1p which lifts the total payout from 1.25p to 1.5p per share.

Mr G. M. Newton, the chairman and managing director, says that the accounts for the year to end January 1985 will show net assets of a "cautious 121p per share," although next year's values will be substantially higher following a professional revaluation of the group's properties.

Gross rental and service income for 1984-85 rose from £10.82m to £13.32m. Tax took £1.02m (£686,000), leaving the net result at £2.47m (£2.17m) for earnings per share of 3.49p (3.21p)—minorities accounted for £878,000 (£715,000).

Davenport Knit

Davenport Knitwear, based in Hinckley, Leicestershire, saw its pre-tax profits for 1984 rise from £759,070 to £810,824. A greatly increased tax charge, however, left after-tax figures down at £442,134, compared with £752,939.

The dividend is raised from 1.807p to 8.3p.

CASE is 'major force in America'

AN ADVANCE in profits of 45 per cent to £10.5m by Computer and Systems Engineering in the year ended March 31 1985 is described by the directors as "particularly remarkable," in view of the initial cost of direct entry into the North American market. The UK company again performed "exceptionally well."

The group, which supplies data communication networks to manufacturing and service industries worldwide, gained direct entry to North America with the acquisition a year ago of Rixon Inc (now Case Communications Inc).

Mr D. J. Fitzwilliams, the chairman, says it has done particularly well in view of the high initial costs of greatly expanding the sales and marketing support teams, and the group is now "a major force in a market place some eight times larger than the UK."

The chairman points out, however, that the U.S. company will clearly not reap the benefit of very substantial investments made towards future success until the large numbers of newly recruited staff are fully trained and up to speed.

The principles of merger accounting have been applied to the merger with the American company. Consequently, the 1984-85 results are the effect of combining the two companies, and the previous figures have been adjustde to the same basis—and the pre-tax profit for that year is given as £7.24m.

As to the year's dividend, shareholders receive the promised 1.35p net; the final is 0.9p on the capital increased by last November's rights issue which raised over £24m net. Adjusting for a scrip issue the previous total was equal to 1.03p.

Turnover rose 53.3 per cent to £95.14m and the operating profit was ahead from £7.27m to £9.75m. The UK company, which handles all business except in North America, lifted its sales revenue by 46 per cent to £54.4m and pre-tax profits by 78 per cent to £7.2m. In America, sales revenues were up 35 per cent in dollar terms to $50.3m and the pre-tax profit contribution was $4m.

On the outlook, Mr Fitzwilliams says the order books of both operating companies are "extremely healthy." The company has substantial ongoing contracts and neogtiations are well advanced with major corporations around the world to supply them with their private data network requirements.

"Case is firmly established as one of the world's leading communications network companies," he declares.

After tax £3.69m (£2.41m) the net profit works through at £6.82m (£4.8m) for earnings of 17.95p per share (8.95p). Last year there was an extraordinary debit of £394,000.

● **comment**

Having nearly trebled in price last year, CASE's shares were probably due for a breather. Sure enough, since last year's rights issue, the shares have done no better than stand still—though compared with the rest of the electronics sector, that is no mean feat. Yesterday's slide of 14p to 278p was probably due as much to poor sentiment directed against the setor due to the problems at Micro Focus as to any disappointment with the results. Pre-tax profits were more or less in tune with the market's expectations; earnings per share, have of course been diluted by the equity issue and rose by only 34 per cent. CASE is managing to keep its head above the choppy water of the U.S. electronics markets by concentrating on network systems rathr than stand-alone "black boxes," and here it has a head-start on many o fits competitors who left the development of systems rather late. And being reasonably small in the U.S., it has less market share to protect. Doubtless for these reasons, the shares—on a prospective multiple in the high teens—are at a fair premium to the rest of the sector.

UK COMPANY NEWS

REPORTS TO ANNUAL MEETINGS

Dollar rate could stem BAT's expected advance

EXCLUDING exchange rate effects, **BAT Industries** was expected to make further progress in pre-tax profits in the current year, despite the substantial increase in net interest payable following the acquisition of Hambro Life, Mr Patrick Sheehy, the chairman, told the annual meeting.

He said exchange rate changes did affect the group's published results and the current volatility in the sterling/dollar rate made prediction impossible.

The rate of increase in attributable profits was unlikely to be as high as had been achieved in the past few years. The board expected to be able to recommend a dividend increase for 1985, which would be "substantially in excess of the rate of inflation.

He said the outlook for the world economy was uncertain, with continued budget deficits in the U.S. Any further weakening of the U.S. dollar would certainly havea significant effect on the group's reported earnings.

The results from its tobacco operations would again show a mixed picture, but with an overall improvement in local currency terms, thanks to higher productivity.

Eagle Star had so far achieved a substantial increase in premium income, including an improvement in rates. Hambro Life, soon to be known as Allied *Dunbar, secured a record level* of business in the first quarter.

More progress at DRG

DRG (Mr J. S. Camm). The group had maintained the successful progress achieved in 1984, and within the UK, the manufactured stationery group was experiencing satisfactory demand across the spectrum of its activities. There had been a strong advance in sales of branded papers, but, on the other hand, the group's paper and board-based packaging operations had a difficult first quarter.

Margins remained under pressure as a result of intense competition, especially in cartons, and there was some evidence of customers destocking.

Management accounts for the first four months showed sales and profits ahead of the same period last year. While the board remained confident for the immediate prospects, the effect on consumer demand as a result of the high rates of interest gave some cause for concern.

Johnson expansion

JOHNSON GROUP CLEANERS (Mr John Crockatt): Following the purchase in January of the Coleman Young and Prestige business in South Carolina, group had expanded further with the acquisition of Eric F. Coulson of Rock Hill, South Carolina. The purchase price was $1.6m in cash. That took the group's share of the dry cleaning market in South Carolina to roughly 25 per cent.

The group operated 172 shops in the U.S. as a whole, and total sales were at an annual rate of $37m.

Group trading results so far this year were ahead of last year and it was on course to achieve the forecast made last December.

Queens Moat growth

QUEENS MOAT HOUSES (Mr John Bairstow); Results-to-date were most encouraging and it was confirmed that the company was on course to achieve substantial growth this year. With the proceeds of the recent rights issue of £25m convertible preference shares, and the increased strength of the balance sheet, the company was in an ideal position to take advantages of any opportunities that arose to add to the group, as well as to improve existing hotels.

Alida well ahead

ALIDA HOLDINGS (Mr Rex Stone): Management accounts for the first four months showed that turnover and profit were well ahead of the company's internal budgets, and substantially in advance of the corresponding figure for 1984. The company had uplifted its proposed capital expenditure from £2m to £2.5m.

It had already spent £1.3m of that amount, and the installed plant was running very well and assisting in the penetration of two new major markets — high quality printed film for the frozen food sector, and the counter bag market in the retail store sector.

Ruberoid's bad start

RUBEROID (Mr Thomas Kenney): January and February were bad months both in the UK and in Europe because of the weather. Demand for building products was not buoyant, but he was hopeful it would pick up in the Spring and Summer. The order intake for the contracting company continued good and Ruberoid Paper, which had had a difficult time in the past two years, appeared to be returning to profitability following an increase in capacity.

Because of the bad start to the year, the group would have to achieve the impossible to match the first half profits of 1984.

Reckitt confident

RECKITT & COLMAN (Sir James Cleminson): The group was trading well and, despite the problems which fluctuations in currency presented, there was every confidence that it would continue to report satisfactory progress.

Much effort was being devoted to the integration of Airwick with the group's businesses around the world. Some of its units had already been absored, and plans have been announced for the organisation and operation of its important North American business.

Robert Moss profits jump 38%

Robert Moss, the plastics mouldings manufacturer which is bidding to takeover fellow plastics company, **Cole Group**, reported profits for the year to end-March up by alomst 38 per cent. On turnover up by 16 per cent from £13.12m to £15.22m, pre-tax profits were £2.2m, compared to the previous year's £1.6m.

A *final dividend of* 2.1p is being being paid, making a total of 3p, compared with 2.5p. Earnings per share were up to 9.05p from the previous year's figure of 7.52p, which was adjusted to take *account of the bonus element of* last year's rights issues.

Mr Murray McLean, the chairman, says that this year the company has made a good start. Group sales have risen in April by more than 15 per cent compared with the same month last year.

He is confident that margins can be maintained, despite upward pressure on raw material costs and that with a strong order book there will be a continuation of last year's progress.

At both injection moulding factories, at Banbury and Kidlington, there has been an exjansion in the product range and an increase in the size and scope of their markets.

The building of a *new office* and warehouse in Manchester is nearing completion and good progress has been made with the reorganisation of the French company, Ets.P.Remy,

Mr McLean said yesterday that he had heard nothing from Cole since the bid was launched last month.

He added that he was confident of success.

Closure costs put Feedex in the red

EXTRAORDINARY items of £850,000 put **Feedex Agricultural Industries** into the red for 1984. Pre-tax profits were £205,000 (£261,000) but costs incurred in the closure of the *John* H. Taylor and Fosse Agriculture subsidiaries and a deferred tax adjustment arising from last year's Finance Act, together with tax at £79,000 compared to the previous year's credit of £135,000, resulted in an attributable loss of £535,000 (£292,000).

However, some recovery was seen in the second half which produced most of the pre-tax profit. A *final dividend of 0.5p* (0.65p) will be paid following the passing of the interim.

The feed, livestock and merchanting divisions produced total profits of more than £1m. The group's engineering activities however suffered losses of more than £850,000.

Interest charges were considerably higher than the previous year at £561,000, against £369,000. The company says, however, that by the end of the year its overdraft was passed its peak and liquidity was improving.

Sales tonnage *in the feed division* was a record and despite the value being almost unchanged at £19.3m, compared with the previous £19.2m, margins improved to give greater profits at £593,000, against £534,000.

In the livestock division turnover rose by 20 per cent, giving profits of £281,000 (£24,000). Profits in the agricultural services division rose by 20 per cent on turnover little changed.

The slight improvement in turnover recorded by these divisions was more than cancelled out by the problems in the engineering division, where turnover fell from £10.5m to £6m. Group turnover was down from £39.78m to £36.2m.

Feedex is hoping for improved results this year based on the continuing good performance by the non-engineering divisions. The engineering subsidiaries still face difficult conditions but the prospects are said to be better than they were six months ago.

Hammerson

Hammerson, the UK property company, says that its Canadian subsidiary, **Hammerson Canada Inc.**, will be refinancing some of its debt. It has agreed to sell not less than C$60m of cumulative redeemable retractable preferred shares, series B, at a rate of approximately 9 per cent, to **Wood Gundy Inq and Walwyn Stodgell Cochran Murray.**

The series B preferred shares will rank equally with the series A preferred shares, which are listed on the Toronto Stock Exchange.

Seltrust holders offered stake in gold prospect

BY KENNETH MARSTON, MINING EDITOR

FULL DETAILS have been sent out of the revised scheme of arrangement for British Petroleum's 75 per cent-owned Australian mining subsidiary, **Seltrust Holdings**.

It is again stated that the proposals are likely to give a better return to Seltrust holders than a winding up of their company.

Meetings of shareholders to approve the proposals are to be held on May 31 in Perth, Western Australia.

Proxy voting forms are included in the documents sent to Seltrust shareholders. *UK* holders of the shares in nominee names who have not received the documents should consult their stockbrokers. Any others should contact BP Minerals at *Selection Trust Building, Mason's* Avenue, Coleman Street, London EC2V 5BU.

The terms of the deal are as already announced. Broadly, BP is to take over the debts, about A$137m (£74.2m), of the loss-making Seltrust together with the bulk of its non-gold interests.

That will leave minority Seltrust shareholders with a 75 per cent stake in the promising Temora gold prospect in New South Wales. It also leaves a large area pegged around the find at Gidinbung Hill, which *looks promising.*

The so-called Temora gold belt is an area well served by communications, that has been previously prospected for base metals. Its gold possibilities may have been overlooked largely because the gold mineralisation is of a type previously unknown in the area.

Temora's Gidginbung prospect has recoverable open-pit ore reserves estimated at 5.6m tonnes, grading an average 2.5 grammes gold per tonne with possibly more ore at depth. It has the potential to become an important gold producer. Any gold mineralisation in the surrounding area, however, could provide the cream on profits.

The other assets to be passed on to Seltrust holders include cash *of some A$9.2m (£4.98m)* and, in effect, the right to buy at cost of production some 9.5 per cent of the nickel concentrate produced by the Agnew nickel mine in Western Australia.

● comment

Because of the surprisingly large number of shares in Paragon, the starting price when dealings commence on or about June 24 will be small, taking a line through the company's asset value and the alternative cash offer per Seltrust share, dealings in which have been suspended since last October. This, however, could be an advantage in an Australian market slightly bedazzled by gold prospects. A "penny stock" backed by a proven gold discovery might well appeal to the speculative investors Down Under providing, of course, that the gold price there remains firm.

Abbey Life's awareness campaign prior to offer

BY ERIC SHORT

Abbey Life Assurance, Britain's second largest linked life company, yesterday launched its public awareness campaign leading up to its flotation, expected early next month.

Abbey will be the first life company in nine years to seek a public quotation. The issue price could put a value on the company of as much as £500m, making it the largest flotation this year, outside the Government's sell-offs.

Its present owner, ITT, earlier *this year announced the intention* of selling off a minority holding in Abbey and part of a fund-raising exercise on its worldwide assets.

The decision to raise the *finance by means of a public* flotation was recently made after merchant bankers, S. G. Warburg, had reviewed the situation. The flotation will be handled by S. G. Warburg in conjunction *with stockbrokers, Rowe* and Pitman.

Yesterday's meeting could not reveal specific information ahead of the prospectus. In particular, it could not give details of the acturial value of the company being ascertained by the consulting actuaries, Tillinghast, Nelson and Warren.

But Mr Michael Hepher, chairman and managing director of Abbey Life, said that the company's actuarial surplus had trebled in the five years to 1984 *to £30m. Assuming a £30m sur*plus and a p/e of 15 (a somewhat conservative figure), this would value Abbey at £450m.

Mr Hepher confirmed that ITT would be selling a part of its existing shareholding and that no new shares would be issued. He hoped that private investors, as well as the institutions, would be attracted to the offer. He felt the quotation would give Abbey greater viability in the life and pensions market.

Abbey was founded 23 years ago by Mr Mark Weinberg. He left the company in 1971 to form *Hambro Life Assurance*, now the largest linked life company in the UK and, coincidentally, the last life company to come on to the market.

ITT first quarter results page 30

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hill Samuel	§12½%
Allied Irish Bank	12½%	C. Hoare & Co.	12½%
American Express Bk.	12½%	Hongkong & Shanghai	12½%
■ Henry Ansbacher	12½%	Johnson Matthey Bkrs.	13 %
Amro Bank	12½%	Knowsley & Co. Ltd.	13½%
Associates Cap. Corp.	13 %	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	13½%
Bank Hapoalim	12½%	Meghraj & Sons Ltd.	12½%
BCCI	12½%	Midland Bank	12½%
Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	14 %
Brown Shipley	12½%	Provincial Trust Ltd.	13½%
CL Bank Nederland	12½%	R. Raphael & Sons	12½%
Canada Permanent	12½%	P. S. Refson	12½%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13½%
Cedar Holdings	13 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12½%
Choulartons**		■ J. Henry Schroder Wagg	12½%
Citibank NA	12½%	Standard Chartered	‖12½%
Citibank Savings	¶12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13½%	United Bank of Kuwait	12½%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	13 %
Co-operative Bank	*12½%	Whiteaway Laidlaw	13½%
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Dunbar & Co. Ltd.	12½%	Wintrust Secs. Ltd.	12½%
Duncan Lawrie	12½%	Yorkshire Bank	12½%
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%, 1 month 10½%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10½%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9½%.

Contracts and Tenders

NSS decrease after costs of tax settlement

AFTER CHARGING an exceptional item of £460,000 this time, pre-tax profits of NSS Newsagents were *down slightly* at £2.86m in the half-year to March 31 1985, against £3.01m last time. Turnover, however, of this multiple retailer and wholesaler of confectionery, tobacco, audio and visual products, showed an increase from £77.25m to £89.28m.

The directors point out that *the results are not fully comparable with previous periods for several reasons*, but in particular, two special items.

First, the cost of its PAYE settlement has been charged in the period as an exceptional item. Second, NSS closed the Glasgow depot of Wynd-Up Records in February to concentrate the business in Manchester and as a result, was faced with closure costs of £0.25m which have been charged *as* an extraordinary item.

As mentioned in the 1984 annual report, following a group audit by the Inland Revenue, a claim was lodged for unpaid tax *and national insurance* on employee benefits, mainly branch managers' accommodation allowances, for the seven fiscal years ended April 5 1985.

A *full and final settlement of £450,000 was reached* with the Revenue at the end of March and this amount, plus associated professional fees have been charged as an exceptional item.

The directors add that with an *earlier Easter*, group trading profits were better than for last year's first half, but the comparative figures included a significant profit on the sale of assets.

The net interim dividend is raised from 1.2p to 1.35p per 10p share—last year a total of 3.3p was paid on pre-tax profits of £5.81m (£5.57m).

Earnings per share, after charging the exceptional item but before the extraordinary charge of £144,000 (nil), are stated at 4.6p (4.9p) basic or 4.3p (4.5p) fully diluted. Tax charge was little changed at £1.3m, against £1.36m.

Expansion has continued in retail operations and the company expects a substantial increase in selling space by the end of its financial year in September.

● comment

It is easy to blame exceptional and extraordinary items for this thoroughly unexceptional set of results from NSS. It is true that profits fell short of last year's only because of the settlement of a seven-year tax claim which unfortunately went against the company. It is also true that NSS has had to spend an inordinate amount of effort turning around Wynd-Up records, *which is now down to just one* depot. However, the real problem for the group is that too *many of its 500-odd* CTN shops are just too small to take bigger and more interesting product lines. NSS is doing what it can selling off the tiny sizes and buying larger stores. Indeed, part of the reason for lower net margins this year is the higher interest charges which are funding capital expenditure running at £5.5m a year. Nevertheless, it seems unlikely that the group *will* make much more than £6m pre-tax this year, with perhaps a stronger improvement next year. On this forecast, the shares down 2p to 116p, trade on a multiple of 104 (39 per cent tax charge). There are more exciting prospects on the High Street than this.

Near £0.5m profit lift for John Foster

RESULTS FOR the year ended March 1, 1985 of the West Yorkshire-based spinner and manufacturer **John Foster and Son** have followed the pattern forecast.

The seasonal halftime loss has ben wiped out and the pre-tax profit shows a significant increase—rising from £603,000 to £1.1m. Shareholders benefit to the extent of an 0.75p rise in their net dividend to 3p, the final being 2.5p.

The directors are looking for a further improvement in profit for the current year. The order *book, which is mainly for export,* is running at a higher level than last year and output is being increased. The business of Pepper Lee, acquired in October, has been transferred to Black Dyke *Mills. This company contributed* to profits last year and is expected to provide a better return in the full year.

The group's main business is mohair top making, worsted *spinning,* and making mohair clothes, worsted suitings and other fabrics. In 1984-85 it produced a turnover ahead from £17.03m to £21.53m

After ACT of £116,000 (£85,000) the net profit comes to £985,000 (£518,000) for earnings of 11.2p (6.2p) per share. There are extraordinary credits this time of £141,000 and debits of £101,000 (£73,000).

The cost of goodwill arising on acquisition during the year has been written off directly to reserves.

Henderson on target with profit of £6.6m

PROFITS AND dividends for the year ended February 28 1985 from the **Henderson Group** are right in line with the forecasts made a month ago when it made an all-paper offer valued at £800,000 for R. Cartwright *(Holdings), the building products* group.

Profit before tax of this maker of sliding door gear, garage and industrial doors, electric motors and gearboxes moved up from £5.71m to £6.61. The final dividend is 3.75p for a net total of 6p, against 5p in 1983-84.

Cartwright's immediate reaction to the offer was that it was "opportunistic and totally inadequate," and that it wished to remain independent. In the market yesterday the terms valued each Cartwright share at 136p, against its quote of 179p.

Henderson felt that after a series of acquisitions in recent years—including Abru, the ladder maker and distributor in February—it had established a sales and distribution strength in both the builders' merchant and DIY markets which allowed it to promote a *broader product* range. This would be done through Cartwright's door and window furniture manufacturing.

Henderson sales for the year rose by £7.48m to £66.09m and the operating profit by £1m to £6.86m. An increase of £436,000 in interest received was outweighed by a rise of £571,000 in that payable.

The industrial door division took advantage of an increase in industrial building and lifted its operating profit by 50 per cent to £1.93m, but the garage door side encountered *difficult* trading conditions and its profit fell by 13 per cent to £2.67m—still a return of over 50 per cent on capital employed.

Normand overcame the difficulties experienced in the early part of the year and finished 5 per cent ahead at £819,000, of which two-thirds was earned in the second half.

The security division continued to power ahead, with a 71 per cent gain to £1.78m *in profit.*

Profit before tax was equal to 10 per cent (9.7 per cent) of sales, and 36.8 per cent (33.8 per cent) of shareholders' funds.

The Henderson directors say that in spite of the year being very active in terms of acquisitions and increased capital expenditure, the group has the strength in its balance sheet which *enables it to keep looking* for new opportunities.

They feel confident that a merger with Cartwright would be to the advantage of both sets of shareholders.

● comment

Having made a forecast at the end of April, almost two months after the year end, it is hardly surprising that the market has already discounted the good news of Henderson Group's steady growth. Bad weather held back the UK garage door subsidiary and it is not certain that an improvement this year will be enough to wipe out the lacklustre result just reported. However, both the industrial doors and the security division were ahead very strongly—in particular the latter which has been expanding through acquisition (at home and *in the U.S.) and could well be a* pointer to the group's next resting place within the market. Margins on the security side were in excess of 27 per cent and the scope for growth in this robbery and espionage conscious age are considerable. Henderson is currently embroiled in a takeover bid for R. Cartwright, the share offer has its first close today. Its rating is dependent on the outcome of this battle in the short-term — although taking the £217,000 capital gain on the 4.8 per cent stake it holds and turning attentions elsewhere has to be an attractive alternative given the premium that the target is presently carrying. For this year the analysts are forecasting the maintainance of the same growth rate and pre-tax profits of £7.7m, a prospective multiple of almost 12 on 245p *down 3p (40 per cent tax).*

Hanover advances to £0.62m

Hanover Investments (Holdings), the expanding estate agency and financial services group, increased pre-tax profits—after exceptional items—from £453,000 to £624,000 for the year to February 28 1985. Turnover grew to £5.27m, against £4.9m previously.

Profits before exceptional charges came out at £703,000 (£510,000). This time however, there was a debit for a £79,000 loss on discontinued business, against a £57,000 compensation payment to a director before. During the year, the Bonne Sante food business and the auction department of Cartwright Tipping were discontinued.

The year's dividend is to be increased by 50 per cent to 3p (2p) net with a final of 2p, covered three times by stated earnings per 10p share of 9p (7.1p). Assets per share were up from 64p to 82p.

Dr Isidore Redstone, the chairman, says the group is beginning to reap the rewards resulting from increasing success in property related fields and its acquisitions over the past year. "We are well placed to make further progress in the coming year," he states.

The current period will for the first time benefit from a full year's trading of all companies within the group, which are being actively encouraged to expand both organically and by acquisitions.

The year's results include eight months' rental income from the industrial estate at Cosgrove Way, Luton; six months' trading income from Alexander Stevens and three and a half months' income from Spencers.

Tax charge was £202,000 (£164,000) and extraordinary credits came to £59,000 (£118,000) being profit on the sale of a freehold investment property less the loss on the sale of the goodwill and assets of the Bonne Sante business.

Hong Kong Telephone net profit rises 24%

NET TAXED profits of the Hong Kong Telephone Company, a subsidiary of Cable and Wireless, reached HK$623.7m (£63.45m) in the 15 months to March 31 1985, which is a 24 per cent improvement on an annualised basis.

Cable and Wireless, which increased its holding from 35 per cent to 79 per cent in February 1984, will consolidate a pre-tax profit of £60.9m for the period compared with £26.6m in the previous year. This will be offset by interest charges of £16.9m payable on loans to finance the increased equity stake.

The number of new telephone subscribers in Hong Kon rose by over 110,000 which was more than the company expected. Turnover expanded to HK$4.08bn (£414.8m).

Hong Kong Telco is making a three-for-20 scrip issue and each $10 share is to be subdivided into 10 shares of $1.

Good second half lifts Benlox to £0.36m

Benlox Holdings has announced an improvement in its pre-tax profits for 1984 from £325,000 to £358,000, with second half profits of £451,000 more than compensating for the first half losses of £93,000.

The directors of this industrial holding company with interests in the manufacture, distribution and provision of building services, are lifting the total dividend to 1.1p (1p) with a higher 0.6p (0.5p) final. They anticipate a growth in dividends for 1985 as a result of expected increased profits.

Stated earnings per 10p share fell from 6.09p to 2.04p basic, and fully diluted from 3.85p to 1.89p.

The results for 1984 include only a three-month contribution from Arnol & Nathan, civil engineer and builder, which the group acquired in September. The directors say the results for 1985 will fully reflect the expansion which took place during last year.

Group turnover for the year rose by £1.47m to £10.05m, *generating an operating profit of* £265,000 (£350,000) after expenses of £3.08m (£2.68m). Associated companies added a little changed £39,000 (£38,000).

Investment income contributed £92,000 (nil), while interest took £38,000 (£63,000).

The tax charge was £108,000 (credit £35,000).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

THE PERIODIC investigations of business travel spending in various countries by American Express make chilling reading for any corporate treasurer. Millions of dollars and pounds are being spent who knows where, travel policies either do not exist or are out of control, staff take cash advances and put the money straight into high interest bank accounts, and no one knows how big the final bill will be until well after the year's end.

What is needed, says American Express, is a much firmer grip on things. Well, it would, wouldn't it? After all the solution it propounds is that the answer lies in the nearest American Express business travel centre. But, even when taken with that little pinch of salt, the latest American Express investigation, this time of the British business community, makes a fascinating read.

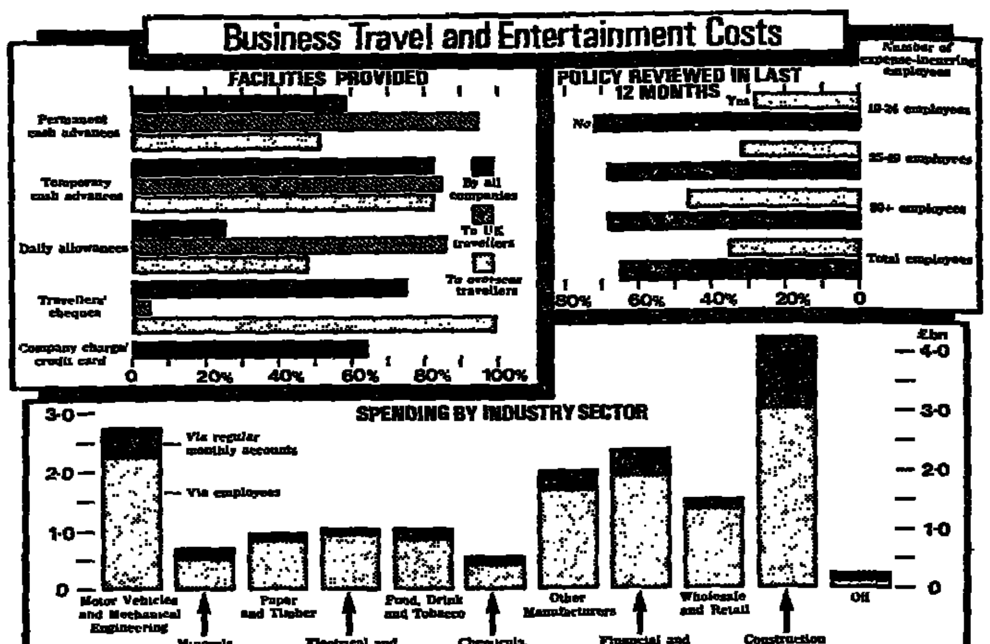
In the very broadest of terms the survey found that British commerce spends £17.4bn (yes, billion) on business travel and entertainment. Even the aggressive toes of American Express have not dipped into the extensive waters of UK governmental and utility spending in such areas, so the real total is probably well over £20bn.

The biggest spenders are construction, the motor and mechanical engineering industries and the financial and professional sectors. Oil, while boasting a higher number of travelling employees as a percentage of its total workforce than most (over 50 per cent) is a relative minnow in the total picture.

For the whole of Britain the average spent by a typical company is £66,000 a year, although in London and the South-East the total is £112,000. Since these figures include tiny companies right up to the industrial giants, they are fairly meaningless. Perhaps more significant is that the average UK business traveller from London and the South East spent £2,400 a year on travel and entertainment, a *figure which excludes monies* billed by a regular monthly *account—say for petrol.*

Of the global sums perhaps the most worrisome is that a large proportion of this spending seems to come from cash advances. At any one moment British commerce has over £1bn sitting in its employees' pockets. It is not unusual for companies to have small armies of accounts personnel whose sole task is pursuing these advances.

Some 82 per cent of UK companies provide temporary cash advances to employees for travel and entertainment purposes and 59 per cent operate



The £1bn sitting in employees' pockets

Arthur Sandles on UK companies' costly lack of policy

a permanent cash float system. It is at this point that American Express claims, of course, that the company credit card eliminates much of this cash float problem, as well as providing in regular detail a record of the employee's spending.

But, intriguingly enough, the British already seem to have *got that particular message* more quickly than the Americans. *Some 64 per cent of UK* companies use credit cards in some form, compared with 55 per cent of similar U.S. organisations. American Express cards are the market leaders, but Diners Club and Visa both have healthy shares.

It does seem that a substantial slice of British industry has problems in deciding what to do about its travel and entertaiment spending. "Perhaps," says Roy Stephenson, UK vice-president of Travel Management Services, "it is because no one has to sit down at the end of the year and write a cheque." Only 36 per cent of UK companies have a written travel policy, so that everyone knows what can and cannot be done; this is very similar to the level in Australia but substantially worse than in the U.S. where 60 per cent of *companies let all the staff know* what corporate policy is.

Even where there is such a written policy only 35 per cent *of UK companies indulge in an* annual review and update—half *the number in either the U.S.* or Australia.

In about a quarter of UK companies the checking of expenses and whether they conform to corporate policy, even assuming there is one, is confined to checking individual expense claims and receipts. Only 13 per cent of companies have a monthly analysis of expenses as the main checking system. One in ten companies leaves the checking to department heads and 13 per cent rely on internal accounting.

"The problem with all this," says Stephenson, "is that if you have no idea where the money is going you cannot begin to work out how to control things or get a better deal." It is clear that many companies might be able to tell *you how much they spend on* hotels, for example, but not *know which hotel chains the* company was using or whether *better rates could be gained.*

Indeed the American Express *research shows that only* 56 per cent of all companies receive *any discounts* from travel suppliers. This is a remarkably low figure since most corporate doors are knocked upon with tiresome frequency by hotel and car rental sales teams offering attractive rates in return for custom. Even British Rail will give a standard discount to corporate users.

Apparently most of the discounts result from this type of simple acceptance of what the supplier offers. A very small proportion of companies go out aggressively to negotiate on the basis of the size of their purchasing.

But an even greater surprise is the way most corporate travel programmes are devised and operated. For even *the most* forceful of managers finds it *difficult to cut a way through* accepted practice, private kingdoms, jealously preserved perks and sheer lack of ability to control.

Although main boards tend to make overall decisions and plan budget limits, they appear to abandon immediately the supervision of the execution of those policies. Only 11 per cent of companies now have professional travel managers, although the figure rises to 24 per cent when there are more than 50 travelling employees.

Thus, in the majority of companies, those that do not have such managers, the final decisions — over who stays where, travels on what flight, uses what car rental organisation — rests with secretaries (seven out of ten executive secretaries have this task) or the travellers *themselves (four out of ten are* heavily involved in planning *their own trips).*

In between the board setting the rules, and the *travellers* and their secretaries making *the actual bookings, there is an* array of different personnel doing only retrospective checking — and that on spending levels, not what was actually purchased.

Although the American Express document does not comment on the results of this it is clear that they can be considerable. It is not unusual for business travellers, particularly in these days of loyalty schemes and frequent flier programmes, to adjust their trip programme to suit their personal needs rather than corporate ones.

Indeed, I have just received an offer direct from one hotel group offering a free weekend trip in return for only eight separate stays in hotels in its chain. It may be that company discounts might be higher elsewhere, or that other hotels would be more convenient for business contact, but clearly the personal temptation to go with the one offering the reward is considerable.

Getting to grips with all this plunges *a company* into a managerial minefield. Many companies *may not wish the rest* of the staff to know, for example, just what high standards the boardroom demands for its own travel.

Some 95 per cent of British board directors and 85 per cent of other directors have travel and entertainment expense accounts. Nine out of 10 main board directors allow themselves four or five star accommodation, and only marginally fewer always travel first class on trains (even the slight reduction in proportion is probably due to the one-class short-haul train journey element).

Seven out of 10 directors fly first class on long haul air flights.

Business class has obviously *had a great appeal to the* travel executive and employers. On long haul flights *over half* of Britain's senior executives are placed in business class. Interestingly enough on *short-haul* some 28 per cent of companies say that even their main board directors must travel economy class.

"It is significant," says American Express, "that while only four in ten British companies have a clear overall travel and entertainment policy, over six in ten do lay down the law when it comes to travel status and privileges."

Clearly American Express has not produced all these figures out of a sense of benevolence to an ignorant business community. Over the past few years the group, which had been operating its various divi*sions at arms' length, was sud*denly infected with that *management fever* — synergy. Thus travel, the credit card and *banking services (notably* travellers' cheques) were told *to work together.*

The group now urges that a well *run* company will turn everything over to American *Express which will eliminate* the cash advance, produce a *travel policy, closely* monitor its operation, make the best *buys on your behalf from air*lines and hotel chains, save you *money and make your life more* pleasant as a result.

It should be stressed that they are not alone in making *these claims. Recent advances* in technology have brought considerable organisational and buying muscle to many travel organisations. Just as American Express tells you to be more careful in the way you spend your travel money, it is worth remembering that its eager rivals, Thomas Cook, Hogg Robinson, Pickfords . . . will all similarly make bids for your account, so seek more than the quotation.

"We know rivals take our research and use it to show what the problem is and how they could help out," says Stephenson wryly. "I don't blame them. So would I."

● *The Report is published by American Express Europe, Travel Management Services, 2-3 Cursitor Street, London, EC4A 1LX. A full list of Britain's major business travel houses, including American Express, can be obtained from the Guild of Business Travel Agents, 60/61, Trafalgar Square, London, WC2N 5DS.*

The IBM way of sourcing supplies

THERE ARE considerable benefits in being a supplier to IBM, the world's largest computer company. Not the least of them is that the U.S. company *is* very loyal and rarely looks to a second source. And, as one supplier puts it, IBM "pays on the nail."

But the demands IBM makes on its suppliers are equally considerable, and at IBM in Scotland are now being stepped up even further.

To date the major *challenge* for supplies has been to meet *IBM's demands for zero defect* standards. The computer company *is scrupulous about* quality and its brief to suppliers *is about as thorough as the pre*departure check-off list for the U.S. space shuttle. Indeed, the standards set, and IBM's belief that *they* are being met, has recently led it to allow some *products, such as computer soft*ware, to be despatched by sup*pliers direct to customers* without first being checked by *the computer company itself.*

IBM's latest demand not only increases pressure on suppliers, but also provides it with the *means to cut its costs* considerably. For, instead of carrying *weeks, even months, of com*ponents in stock, it is requiring *many of its suppliers* to time deliveries to within hours of *their being used in the assembly* of display units and keyboards *at the company's large Greenock* plant. The result is similar to the widely used "just-in-time" manufacturing practice in Japan where suppliers *in effect act as* stock holders to major manufacturers.

A new automated materials centre has been established at the Greenock plant. At present rates of production, the storage area of the centre is only about one-third full of components. Pallets of goods are automatically both shelved and retrieved for transfer to production lines, with the whole process being controlled by computers which additionally are used in the administration of the procurement, finance and manufacturing divisions.

While a conventional warehouse arrangement would need some 400 employees, IBM says, *its centre is currently operating* with a workforce of just 125.

John Budgen, assistant plant manager at IBM in Greenock, says that the Scottish plant would not go to the extreme of the Japanese *since this would* mean extra storage costs for suppliers who would themselves have to generate buffer stocks to cover any delivery problems to IBM. And since some suppliers are located a long way from the plant the computer *giant feels it is unrealistic* to pin down deliveries with a stop*watch.*

Adjustment to delivery deadlines has been taking place at a time when some suppliers have also been assuming additional responsibility for *finished* products following IBM's introduction of its Personal Computer in January 1983.

Normally, says Budgen, IBM would inspect finished products as they left its factories. But as a Personal Computer is a package of hardware and software — not all produced by IBM — some elements are being *delivered* by suppliers direct to customers.

No final check

Collins Publishing at East Kilbride is a case in point. It publishes *the manual and packs* other software for the Personal Computer. *These products go* straight into the distribution system *without a final* check by IBM. "This is the first time we have handled *work like this,*" says Clark Paton, Collins's managing director. "*We found* the quality controls useful and we *have put them to work in* other parts of our publishing operation."

According to Nick Bowd, who is in charge of procurement at the main IBM plant at Sprango Valley, a few miles from Greenock, the company's general approach to subcontracting is to preserve for itself key value added aspects of production, such as those involving IBM's "unique" components. The rest of the manufacturing activity is carefully farmed out to suppliers where possible.

IBM dislikes suppliers being dependent on it and prefers not to account for more than 15 to 20 per cent of each one's total work. Once appointed, a supplier is given a certification and rating on all aspects of its performance. And monthly reports *tell a supplier how it measures* up against other sub-contractors.

Despite *the demands made by* IBM, there is little chopping and changing among suppliers. Some in Scotland have been with IBM for 15 years. Wherever possible, the computer company tries to source supplies in Scotland. Failing that it looks elsewhere in the UK, and after that in Continental Europe.

Mark Meredith

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WALL STREET

Prime cut hopes lead to optimism

WALL STREET edged higher again yesterday as further falls in short-term interest rates encouraged hopes that more banks would cut primes and the Federal Reserve might reduce its discount rate.

The bond market was also strong, although the latest federal data gave mixed signals on the pace of the U.S. economy.

The stock market's advance was again restrained by fears that a slowing of the economy might show up in corporate profits for the second quarter.

A sharp dip in April's industrial operating rates inspired gains of half a point in the bond market. In contrast, April housing starts rose by 1.6 per cent, which surprised Wall Street.

Leading stocks were mostly higher but proved unable to extend initial gains. At mid-session, the Dow Jones industrial average was more than 6 points up, but it closed a net 4.53 points ahead, at 1,278.05. Turnover was 100.1m shares.

Around 2m Signal shares were traded after leading analysts gave a favourable reception to the proposed merger with Allied which jumped $1 to $41 on almost equally heavy turnover.

The removal of Signal from the lists quickened the search for prospective buyers of Hughes Aircraft. General Motors, the front-runner, added $¾ to $67⅝. Another favoured name, Litton Industries, the industrial and defence group, jumped $2⅛ to $72.

Banking stocks took on an easier tone after the upswing of the past few weeks. Bankers Trust at $73 eased $1 as the cut in prime rate cooled off the recent buyers. Chase Manhattan, believed to be negotiating to buy some of the troubled Maryland thrift institutions, gained $⅝ to $58½. At $51½, J. P. Morgan added $⅝.

Airline stocks turned strongly higher, with United $⅛ up at $46⅝ despite the deadline at midnight for a threatened strike by the pilots. Also firm were American, $1 up at $44⅞, and Pan Am $⅛ up at $5¼.

The season for corporate annual meetings opened, with ITT, $¼ off at $34⅞, and Xerox $⅝ firmer at $48¾, both after favourable predictions for the current year. Western Union softened $¼ to $10⅞ despite the board's forecast of a profitable year.

IBM rallied after hitting selling pressures at Wednesday's close, climbing $½ to $129. But turnover was lighter than when the stock was on the downward tack. Other technology stocks looked mixed, with Digital Equipment $1⅞ lower at $102¾, Burroughs $⅛ off at $63⅛ but Honeywell $⅜ higher at $59¼.

Hewlett-Packard fell $1⅛ to $32⅞ after disclosing weak profits in the second quarter. Loral, the defence electronics company, added $½ to $30½ on the improved final quarter.

Others responding to trading news were Ogden, $¾ off at $30⅞, Campbell Soup, $1½ higher at $66⅞ and Mercantile Stores, $1¼ higher at $61⅞.

In media stocks, Tribune dipped $2 to $46 after announcing the $510m purchase of a Los Angeles TV station, which seemed to be a challenge to Mr Rupert Murdoch's planned acquisition of Metromedia's stations. CBS at $111½ added $1, with Mr Ted Turner's bid proposal remaining far away.

Initial falls of up to 14 basis points in Treasury Bill rates were trimmed later as federal funds edged above 8 per cent again. The continuing problems at the Maryland thrift companies were unsettling and encouraged buying of T-bills.

Bond prices, too, came off the top at mid-session, but gains of just under half a point remained widespread. Retail interest remained light but market traders were positioning themselves ahead of next week's meeting of the Fed's Open Market Committee, which might be the trigger for a cut in the discount rate to 7½ per cent.

AUSTRALIA

High hit on broad support

BROAD SUPPORT for leading Australian resource and industrial issues took the All-Ordinaries index past the 900 point milestone yesterday as investors digested this week's mini-budget and spending cuts *writes Michael Thompson-Noel in Sydney.*

The 25 per cent rise in the index since the beginning of the year has stemmed from strong overseas support for natural resources shares, whose earnings stand to gain from the sharp fall of the Australian dollar against the U.S. dollar.

Base metal miners were firmer on forecasts of higher international copper prices as MIM Holdings rose 6 cents to A$3.44 and Western Mining put on the same amount to A$4.44.

ACI International advanced 11 cents to A$2.40 in active trading after a strong profits performance for last year, while in banks Westpac – due to announce results today – added 10 cents to A$4.25 and ANZ gained 10 cents to A$5.02.

Active trading in Woodside Petroleum left it unchanged at A$1.60 – the offer price of the joint BHP/Shell Australia offer – while BHP rose 10 cents to A$6.58 in active dealings.

Elsewhere, Adelaide Steamship jumped 26 cents to A$8.30, while 10-cent gains were reserved for John Fairfax at A$7.70, Lend Lease at A$7.20 and Howard Smith at A$4.80.

By the close the All-Ordinaries index was 7.4 higher at a record 902.7, while the All-Resources jumped 6.9 to 624.3.

LONDON

A SELL-OFF of high-technology and elecronic issues prompted a downturn yesterday in London equity markets that seemed poised to reach new peaks in recent days. The FT Ordinary index retreated 9.8 after early firmness to finish 1,012.5.

Oils were mixed with BP down 10p to 553p after results while Shell Transport firmed 7p to 717p.

The strong possibility of fresh government funding today stifled interest in gilt-edged securities. Small sellers dominated and prices retreated

Conventional longs dropped ½ although index-linked issues remained in fashion.

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HONG KONG

WIDESPREAD expectations of a cut in local interest rates rallied Hong Kong and left the Hang Seng index up 23.27 to 1,635.88, the highest level since September 1981.

Banks and properties were particularly active with Bank of East Asia trading 40 cents higher to HK$27.90 and Hang Seng HK$1.50 up to HK$53. Cheung Kong rose 40 cents to HK$17.40 while Hongkong Land firmed 5 cents to HK$5.95.

Hongkong Telephone finished HK$1 stronger at HK$91 amid speculation of a stock split. Elsewhere, Hutchison Whampoa was steady at HK$ 24.60 and China Light moved against the trend with a 10-cent drop to HK15.70.

SINGAPORE

BANKS spearheaded the advance in Singapore as the Straits Times industrial index jumped 9.30 to 823.62 in active trading.

Profit-taking developed but was overwhelmed by persistent demand that took Genting 20 cents higher to S$6.45, G. I. Holdings 2 cents ahead to S$2.22 and OCBC 25 cents up to S$9.35.

CANADA

UNDERLYING strength in gold shares helped to lift Toronto stocks to close at a record high in very active trading. Base metal miners and oil issues also found support.

Among the actives Grafton closed C$¼ higher at C$34¼, while Nova also put on C$⅛ to C$25⅛. Woodward's added C$⅛ to C$16½.

In Montreal, industrials, utilities and banks all advanced.

TOKYO

Confidence returns after early fall

A WEAK start to trading yesterday in Tokyo followed Wednesday's selling bout, although confidence gathered around blue chip stocks in the afternoon, *writes Shigeo Nishiwaki of Jiji Press.*

As the steep decline in semiconductor stocks – the leaders of Wednesday's slide – halted, investors started trading actively in incentive-backed stocks.

The Nikkei-Dow average, which lost 50.41 early in the afternoon, closed 11.27 higher at 12,369.30. Volume was low at 363m shares, down from Wednesday's 398m. Declines outnumbered advances 443 to 310, with 182 issues unchanged.

In the morning, investors were still concerned about a forecast slowdown in the growth of semiconductor demand and the effect it may have on makers' profits. But enlivened trading in Asahi Chemical, Sumitomo Metal Mining and Heiwa Real Estate changed the market's mood in the afternoon.

Asahi Chemical soared Y42 to Y960 on the day's heaviest trading of 39.32m shares, reflecting the start of clinical tests on anti-cancer drugs using the tumour necrosis factor (TNF).

Sumitomo Metal Mining also helped to lift the tone as it attracted buying support on hopes of an early start to production at its Hishikari gold mine. It jumped Y50 to Y1,810. Speculative buying pushed up Heiwa Real Estate Y48 to Y905.

Asset-rich Tokyo Tatemono advanced Y30 to Y535 and Mitsui Warehouse Y16 to Y335. Expectations of increased housing starts, supported by measures to expand domestic demand, sent Daiwa House rising Y16 to Y622. Nichiei also gained Y16 to Y459.

Among semiconductors, NEC continued its slide, slipping below Y1,000 to Y989 at one stage, but finished at Y1,000, down Y10, as buying increased later. Hitachi and Fujitsu lost Y2 to Y770 and Y20 to Y1,080, respectively.

Among blue chips, TDK registered a Y100 gain to Y5,240 and Pioneer rose Y30 to Y1,990. But Fuji Photo Film and Sony were weak, closing at Y1,670, down Y30, and Y4,010, down Y10 respectively.

Bond prices turned lower. An increasing number of investors expect the U.S. official discount rate to be lowered in the wake of the cut in the prime lending rate, but the yield on the benchmark 7.3 per cent government bonds due in December 1993 rose to 6.625 per cent from Wednesday's 6.580 per cent. The unlisted 6.8 per cent government bonds maturing in December 1994, which have been gaining popularity, also increased to 6.640 per cent from 6.610 per cent.

EUROPE

Milan hops from peak to peak

INSTITUTIONAL and foreign investors continued to lend strong support to trading in Milan yesterday as the outcome of the recent regional elections provided a firm foundation for confidence.

For the fourth consecutive day key indicators and prices of leading stocks reached record levels for the year. Italian and Spanish were the only continental European bourses open; all others were closed for the Ascension holiday.

Covering operations and a flow of fresh orders, usual at the beginning of the new trading month, heightened activity. In the industrial sector, Snia-BPD added L90 to L3,100 on the eve of the company's meeting, while Fiat firmed a further L46 to L3,236.

Among banks, Mediobanca rallied L2,540 to L97,490, Credito Italiano ended up L20 at L2,280, while Interbanca gained L500 to L23,000. Centrale, the holding company of Nuovo Banco Ambrosiano, advanced L188 to L3,346.

Prices in Madrid drifted lower in light trading, after Wednesday's closure for a public holiday.

Most banks closed unchanged, although Banco Exterior firmed 4 percentage points to 209 per cent of nominal value. In the construction sector, Huarte fell 2 points to 113 per cent and Dragados 1 point to 166 per cent.

STOCKHOLM

Bears roam free amid the gloom

THE STOCKHOLM bourse dropped this week to its lowest level in 1985 after a decision by the Swedish central bank on Monday to raise the discount rate by 2 points to 11.5 per cent and the penalty rate by 2.5 points to 16 per cent, *writes David Brown in Stockholm.*

In the three days ending Wednesday – the exchange closed yesterday for Ascension holiday – share values plummeted by some SKr 10bn ($1.12bn) in an extremely weak market. The biggest drops came in the engineering, forest products and chemicals industries.

Bank lending rates for share purchases have climbed to nearly 20 per cent, and the number of alternative placements have become far more attractive for private investors, analysts say. Among these are interest-bearing securities and risk-free government bonds.

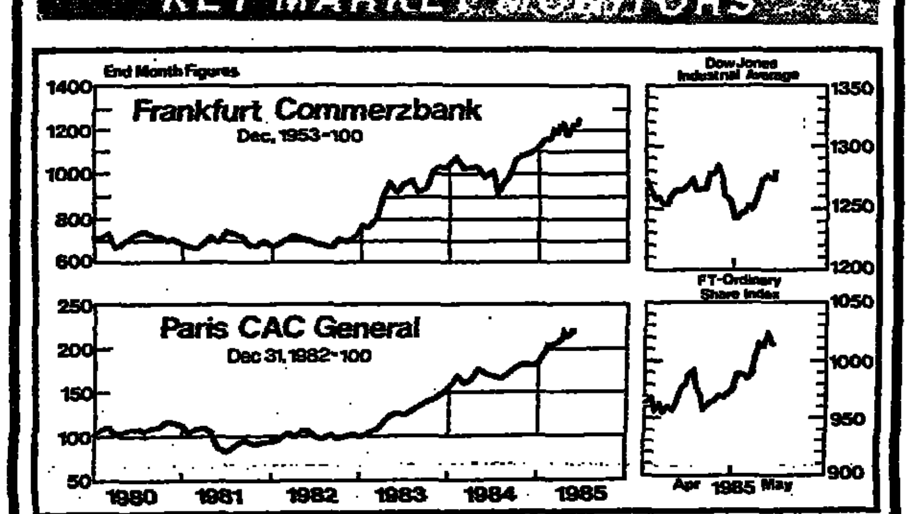
After the decision late last year by the Social Democratic administration to freeze 1984 dividend payments as part of its anti-inflation strategy, coupled with new turnover and capital gains taxes, the exchange had already been slow to recover ground lost at the end of 1984 before the latest shock.

Despite the dramatic fall in new issue volume since last year, and the resurgence in the interest shown by foreign investors in Swedish securities, it now appears that little upward movement can be expected until the outcome of this September's general election, some analysts suggest.

The chief problem, according to Mr Olle Lindgren, chief economist at Skandinaviska Enskilda Banken, Sweden's largest commercial bank, is both uncertainty and a lack of confidence in the administration's economic policies. The country's balance of trade has sharply deteriorated, and inflation remains well above that of its main trading partners.

Moreover, politically difficult shifts in economic policy such as a further tightening of fiscal policy are unlikely before September.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 16	Previous	Year ago
DJ Industrials	1,278.05	1,273.52	1,153.16
DJ Transport	617.58	611.16	494.24
DJ Utilities	161.58	159.21	129.00
S&P Composite	185.66	184.54	157.99
LONDON			
FT Ord	1,012.5	1,022.3	884.5
FT-SE 100	1,336.1	1,342.4	1,104.5
FT-A All-share	640.92	642.93	519.79
FT-A 500	702.88	705.10	569.64
FT Gold mines	488.8	496.9	645.4
FT-A Long gilt	10.82	10.76	10.63
TOKYO			
Nikkei-Dow	12,369.3	12,358.03	10,619.8
Tokyo SE	968.08	967.87	831.16
AUSTRALIA			
All Ord.	902.7	895.3	730.3
Metals & Mins.	582.0	575.3	490.1
AUSTRIA			
Credit Aktien	closed	93.61	54.86
BELGIUM			
Belgian SE	closed	2,237.72	—
CANADA			
Toronto			
Metals & Minls	2,015.6	1,997.6	1,974.0
Composite	2,705.6	2,672.2	2,270.3
Montreal			
Portfolio	133.11	131.12	109.64
DENMARK			
Copenhagen SE	closed	187.18	194.77
FRANCE			
CAC Gen	closed	221.6	177.2
Ind. Tendance	closed	123.1	91.7
WEST GERMANY			
FAZ-Aktien	closed	431.89	348.3
Commerzbank	closed	1,262.9	1,015.3
HONG KONG			
Hang Seng	1,635.88	1,612.61	949.32
ITALY			
Banca Comm.	316.42	314.24	209.48
NETHERLANDS			
ANP-CBS Gen	closed	208.1	164.2
ANP-CBS Ind	closed	171.6	132.0
NORWAY			
Oslo SE	closed	332.37	283.21
SINGAPORE			
Straits Times	823.62	814.42	976.18
SOUTH AFRICA			
JSE Golds	–	1,109.4	930.9
JSE Industrials	–	934.7	977.7
SPAIN			
Madrid SE	closed	111.49	86.39
SWEDEN			
J & P	closed	1,384.18	1,488.46
SWITZERLAND			
Swiss Bank Ind	closed	429.8	378.0
WORLD	May 15	Prev	Year ago
Capital Int'l	n/a	207.6	183.0

GOLD (per ounce)

	May 16	Prev
London	$320.50	$323.25
Zürich	closed	$322.65
Paris (fixing)	closed	$322.38
Luxembourg	closed	$323.55
New York (June)	$321.50	$323.90

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR May 16	U.S. DOLLAR Previous	STERLING May 16	STERLING Previous
$	–	–	1.2585	1.2635
DM	3.091	3.077	3.9	3.8875
Yen	251.45	251.25	316.5	317.0
FFr	9.42	9.385	11.895	11.825
SwFr	2.59	2.5785	3.3	3.26
Guilder	3.4875	3.471	4.39	4.3825
Lira	1,980.0	1,961.0	2,487.5	2,473.5
BFr	62.05	61.85	78.15	78.05
C$	1.3725	1.3735	1.7275	1.735

INTEREST RATES

	May 16	Prev
Euro-currencies (3-month offered rate)		
£	12 13/16	12 11/16
SwFr	5 7/16	5⅛
DM	5⅝	5⅝
FFr	10¼	10¼
FT London Interbank fixing (offered rate)		
3-month U.S.$	8 5/16	8¼
6-month U.S.$	8 9/16	8½
U.S. Fed Funds	8¼	8½
U.S. 3-month CDs	7.95	7.85
U.S. 3-month T-bills	7.36	7.41

U.S BONDS

Treasury	May 16* Price	May 16* Yield	Prev Price	Prev Yield
9¾ 1987	100 29/32	9.298	100 29/32	9.39
11¾ 1992	105 3/32	10.66	104 29/32	10.75
11¼ 1995	102 21/32	10.809	102 5/32	10.88
11¼ 2015	102	11.02	101 17/32	11.07
Corporate	**May 16***		**Prev**	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	99½	10.50	98½	10.50
3⅞ July 1990	78½	9.25	78½	9.25
8¾ May 2000	80½	11.50	80½	11.50
Xerox 10⅞ March 1993	96¾	11.25	96¾	11.25
Diamond Shamrock 10⅜ May 1993	96¼	11.35	96¼	11.35
Federated Dept Stores 10⅞ May 2013	80½	11.50	80½	11.50
Abbot Lab 11.80 Feb 2013	100	11.80	100	11.80
Alcoa 12¼ Dec 2012	99.213	12.35	99.213	12.35

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	74–04	74–08	73–12	73–18
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.58	92.60	92.46	92.48
Certificates of Deposit (IMM) $1m points of 100%				
June	92.00	92.03	91.86	91.91
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.70	91.70	91.55	91.65
20-year Notional Gilt £50,000 32nds of 100%				
June	104–31	105–10	104–23	105–14

COMMODITIES

(London)	May 16	Prev
Silver (spot fixing)	517.15p	513.95p
Copper (cash)	£1,205.75	£1,231.00
Coffee (July)	£2,110.50	£2,116.00
Oil (spot Arabian light)	$26.95	$26.95

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.8	13	1196	17	16⅞	17	
19	9⅝	AGS			13	36	15¼	14⅞	14⅞	−⅛
17⅝	9⅝	AMCA				2	11¼	11¼	11¼	+⅛
21½	13¾	AMF	.50	2.7	53	1026	19	18⅝	18⅝	−⅜
45	24¼	AMR			10	2549	45	43¾	44⅞	+1
21⅜	18⅝	AMR pf2.18		11.		187	21	20¾	20¾	
25⅞	22⅞	ANR pf 2.67		11.		179	24½	23¾	23¾	−⅛
23	19	ANR pf 2.12		11.		5	20	19¾	19¾	−⅜
14¼	7¾	APL			38	41	9⅛	8¾	8¾	−⅜
65¼	44⅞	ASA		24.0		331	51½	50½	50½	−1⅛
27	14⅛	AVX	.32	2.0	13	431	16¼	15½	15⅞	−⅞
24⅞	16	AZP	2.72	12.	7	1279	23¾	23½	23⅝	+¼
54	36¾	AbtLab	1.40	2.7	15	2033	52⅝	52	52⅝	
25⅞	17	AccoWd	.44	2.1	17	94	21¾	21¼	21¼	−⅝
21⅛	12½	AcmeC	.40	2.8		50	14¼	14	14¼	+½
10½	7⅝	AcmeE	.32b	4.1	10	15	7⅞	7¾	7⅞	+⅛
17⅜	15	AdaEx	1.92e	11.		122	17	16¾	16⅞	−⅛
20	11⅞	AdmMl	.32	2.0	6	2	15⅞	15¾	15¾	+⅛
19½	8⅝	AdvSys	.53t	5.0	17	53	10½	10½	10½	
41⅜	25⅛	AMD			13	2015	29¼	28½	29⅛	+⅞
12¾	6⅞	Advest	.12	1.3		64	9¼	9⅛	9⅛	−⅛
14⅝	8¾	Aerflex			11	44	12¼	12⅛	12⅛	−⅛
45¼	27¼	AetnLf	2.64	5.8	33	3159	u45⅝	45¼	45½	+⅜
58¾	52⅜	AetL pf5.83e		10.		62	55⅞	55⅝	55¾	
35⅞	15¾	Ahmns	1.20	3.3	15	436	u36	35½	36	+½
3⅞	2½	Aileen			22	53	2⅞	2⅞	2⅞	
52	38⅝	AirPrd	1.20	2.4	11	1189	51⅝	50⅝	50¾	−½
24⅜	13	AirbFrt	.60	2.8	12	33	21⅜	21¼	21¼	−⅜
2	1	AlMoa s			23	29	1⅝	1⅝	1⅝	
32¾	26¾	AlaP pfA3.92		12.		8	32¾	32½	32¾	+¼
8	6	AlaP dpf.87		11.		24	7⅞	7⅝	7¾	
75½	61½	AlaP pf 9		12.		z420	75⅛	75	75	
103¼	85¼	AlaP pf 11		11.		z430	102½	102½	102½	
71	57	AlaP pf 8.16		12.		z400	70½	69	70½	+1
15⅜	11	Alagsc	1.04	6.8	9	294	15⅜	15¼	15¼	+⅛
22⅞	8¼	AlskAir	.14	.6	9	821	22¼	22	22	
17⅛	10½	Alberto s	.38	2.3	19	17	16¾	16½	16¾	+⅝
33¼	22½	Albtsns	.76	2.3	14	270	33¼	32⅞	33¼	+½
31¼	23¼	Alcan	1.20	4.7	12	1975	25½	25	25⅜	+¼
36⅛	27⅛	AlcoStd	.20	3.5	12	13	34	34	34	
32	17	AlexAlx	1	3.4		150	29	28¾	29	+¼
26½	20⅜	Alexdr			19	7	22⅝	22⅝	22⅝	
89½	70¾	AllgCp	2.06t	2.6	24	94	80½	79	79¾	+¾
26¾	18¾	Algint	1.40	5.7		621	24¾	24½	24½	−¼
95¼	81	Algi pfC11.25		12.		20	u96	95½	96	+¾
32	24⅝	AlgPw	2.70	8.4	9	1223	u32¼	32	32⅛	+¼
20⅞	15¾	AllenG	.60b	3.2	14	53	18¾	18⅜	18½	−⅛
46¾	28¼	AlldCp	1.80	4.4	8	20855	41⅝	40	41⅛	+1⅛
66	53⅞	AldCp pf6.74		11.		829	63¾	62	62¼	−¾
113¼	99	AldCp pf 12		11.		66	107¾	107¼	107½	+2
107½	100¾	AldC pf 12.31e		12.		25	105¼	105	106	−¼
23½	12½	AlldPd			17	27	18¼	18	18	−⅛
59½	38	AlldStr	2.12	3.9	8	393	54¾	54¼	54½	−⅛
12⅜	5⅛	AllisCh				89	6¾	6⅝	6½	
34⅝	24	AlisC pf				38	29½	29½	29½	−¼
27⅛	20	ALLTL	1.84	6.9	8	54	26¾	26½	26½	−⅛
39⅞	29¾	Alcoa	1.20	3.7	16	1195	33⅜	32¾	32⅞	−⅛
23½	15½	Amax	.20	1.2		317	16⅜	16¼	16⅜	+⅛
41½	32½	Amax pf	3	9.0		4	33¾	33¼	33¼	+⅛
34	22¾	AmHes	1.10	3.6	22	1369	30¾	30¼	30⅜	
144	98⅛	AHes pf3.50		2.7		1	132	132	132	−2
2¾	1¼	AmAgr				135	2	1⅞	1⅞	−⅛
20	15⅛	ABakr			8	71	19⅝	19⅜	19½	−⅛
70	53	ABrand	3.90	6.0	9	542	65½	65	65⅛	−¼
28	24⅝	ABrd pf2.75		9.9		6	27¾	27½	27¾	+⅜
115	55¾	ABdcst	1.60	1.5	17	690	110	109⅞	109⅞	−⅛
26¼	19½	ABldM	.86	3.3	13	26	26	26	26	−⅛
27⅛	20⅛	ABusPr	.64	2.6	14	40	25	24⅞	25	

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrents. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May 15	Price Sch%	+ or −
Creditanstalt	325	−6
Goesser	480	−25
Interunfall	920	+15
Laenderbank	304	−11
Perlmooser	546	−5
Steyr-Daimler	200	−20
Veitscher Mag	505	−15

BELGIUM/LUXEMBOURG

May 15	Price Frs.	+ or −
B.B.L.	1,945	+5
Banq. Int. A. Lux	6,000	
Bekaert B.	5,500	
Ciment CBR	2,400	+15
Cockerill	232	+7
Delhaize	6,560	
EBES	2,820	+25
Electrobel.	6,310	−10
Fabrique Nat.	1,885	
GB Inno BM	4,125	+35
GBL (Brux)	1,915	−30
Gevaert	3,635	+10
Hoboken	5,500	+70
Intercom	2,250	
Kredietbank	8,310	+100
Pan Hldgs.	11,000	
Petrofina	3,625	
Royale Belge	11,750	
Soc. Gen. Banq	5,290	+15
Soc. Gen. Belge	1,930	+20
Sofina	6,910	
Solvay	4,280	−20
Stanwick Intl.	1,540	
Tractionel	5,905	+10
UCB	4,925	+5
Wagon Lits	3,646	+5

DENMARK

May 15	Price Knr %	+ or −
Andelsbanken	291	+3
Baltic Skand	580	
CopHandelsbank	270xr	+7
D. Sukkerfab	515	
Danske Bank	302	+6

GERMANY

May 15	Price Dm.	+ or −
AEG-Telef	116.2	−2.4
Allianz Vers	1250xr	−6
BASF	209.5	+0.5
Bayer	219.2	+1
Bayer-Hypo	351	+3
Bayer-Verein	355xd	−6
BHF-Bank	291	
BMW	366.5	−3.7
Brown Boveri	210	−1.8
Commerzbank	184	+1.2
Cont'l. Gummi	137.5	−1.8
Daimler-Benz.	714	+10
Degussa	347	−4
D'sche Babcock	163	+2
Deutsche Bank	476xd	−16
Dresdner Bank	220xd	−3.5
GHH	152.5	+1
Hochtief	478	+2
Hoechst	220.8	+0.9
Hoesch Werke	109.3	−0.2
Holzmann (P)	427	−7.5
Horten	170	
Hussel	294	+2
Karstadt	236.8	−1.7
Kaufhof	229	
KHD	249	−1.2
Kloeckner	72	−0.2
Linde	437	+2
Lufthansa	189.9	+0.7
MAN	144	+0.3
Mannesmann	157	−1.5
Mercedes Hld.	626.5	+3
Metallgesel	250	−5
Munech Rueck	1,590	−7
Nixdorf	587	
Porsche	1190	−9
Preussag	275	
Rhein West Elect	159	+1
Rosenthal	258	+2
Schering	452	+4
Siemens	548	+1
Thyssen	104.5	+0.5
Varta	194.2	+0.7
Veba	184.5	−1.3
V.E.W.	129.3	+0.3
Verein-West.	316	+2
Volkswagen	225.5	−2.5

NORWAY

SPAIN

SWEDEN

ITALY

FRANCE

NETHERLANDS

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices May 16

MONTREAL

Closing prices May 16

OVER-THE-COUNTER

Nasdaq national market, closing prices

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr 2½% IL 2013	£87⅛	+⅜
Bank of Ire	278	+13
Dee Corp.	244	+13
Emess Ligh	235	+15
Foster (John)	76	+4
Golden Scep	487	+50
Goliath Gold	510	+25
Hanover Invs.	138	+13
Kwik-Save Dis	208	+10
Lucas Inds.	289	+5
Menzies (J)	283	+10
Milletts Leis	163	+13
P & O Defd.	355	+8
Peters Stores	82	+12
Photax (London)	53	+10
Shell Trans	717	+7
Terrex Res	27	+5
United Bis	193	+7
Weir	60	+6

FALLS

Treas. 13pc 2000	116⅜	−⅝
Applied Comp	165	−15
ACM	84	−6
BP	553	−10
Clive Dis	51	−7
Comm Union	224	−8
Grand Met	305	−15
Micro Focus	325	−420
Smith St. Aubyn	46	−2
Tern	42	−8
Trusth Forte	141	−5

Continued on Page 40

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

LONDON STOCK EXCHANGE

MARKET REPORT

Sell-off of high-technology stocks turns equity index back from early record

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 29	May 9	May 10	May 20
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

The rise to record levels in London share values received another setback yesterday, the second in the past four trading sessions. On this occasion, a sell-off of high technology and electronic stocks following news of slashed annual profits from *computer group* **Micro Focus**, was held largely to blame for the reversal. Potential buyers of other securities withdrew as the prices of high-tech issues tumbled and the FT Ordinary share index, which equalled its all-time high at the opening calculation, retreated to close 8 down on the day at 1,012.5. **Micro Focus** more than halved *to 325p, a massive fall of 420p.*

In the earlier trade, investors had disregarded Wall Street's *inability to maintain early* strength aroused by Prime lending rate cuts, the first since mid-January, to *10 per cent.* The result of the latest opinion poll which put the Conservatives last *of the three major* parties, had similarly failed to harm confidence.

The European Options and London Options tables were not available for this edition

Early equity business was brisk with institutional operators inquiring for stock and the market promising to close at a new record. In sharp contrast, trade in most areas of the market from noon onwards was sporadic. Some individual *leaders came under pressure,* notably **Plessey** and **Grand Metropolitan**, the latter surren*dering Wednesday's sharp gain* on the interim statement. Plessey later regained much of its fall.

The strong possibility of fresh Government funding today stifled interest in Gilt-edged securities. Small sellers dominated and prices retreated across the board in the absence of any worthwhile overseas demand. *Sterling* lost some *ground* against the dollar, but maintained a firm stance over European currencies. Conventional longer maturities finished ½ down in places, but index-linked issues remained in fashion and the authorities sold the remainder of the **Treasury 2½ per cent 2009** tranche at 98½. The latest RPI figure, due to be *announced this morning,* is expected to show UK inflation running at a higher rate of between 6¾ and *7 per cent.*

Clive fall

Coming hard on the heels of Smith St Aubyn's poor figures, news of Clive's final dividend cut and £0.8m loss brought further depression to the *Discount House sector.* **Clive** dropped to a 1985 low of 50p before closing 7 down on balance at 51p, while **Smith St Aubyn** lost 2 more for a two-day relapse of 15 at 46p. In sympathy, **Cater Allen** fell 10 to 500p, **Gerrard and National** 8 to 325p and **King and Shaxson** 6 to 162p. *Elsewhere, the major clearers drifted lower for want* of support. **Lloyds** lost 7 to 590p as did **Midland** to 355p. Against the trend, **Bank of Ireland** rose 13 to 278p in response to the preliminary results.

Cautious comment and a broker's "sell" recommendation in the wake of the first-quarter figures unsettled **Commercial Union** which fell to 220p before closing 8 lower at 224p. Other Composites were sympathetically sold with losses of 12 recorded in **General Accident**, 603p, **GRE**, 703p, and **Royals**, 633p. **Sun Alliance** gave up 10 to 470p. Lloyds Broker **C. E. Heath**, currently involved in *merger discussions with* **Hogg Robinson**, closed 17 to the good at 597p in reply to the favour*able annual results; HR were* unaltered at 289p. **Willis Faber** put on 22 more at 695p and *Stewart Wrightson* added 6 at 603p.

Among recently-issued equities, **Domino Printing Sciences** revived strongly and rose 15 to 300p.

Leading **Breweries** moved higher but finished below the best *levels.* **Bass**, *interim results* due next Wednesday, touched 564p before settling 7 dearer on balance at 562p, *while* **Whitbread**, preliminary figures expected the same day, hardened a couple of pence to *213p.* **Scottish and Newcastle**, a neglected market since its offer for Matthew Brown was referred to the Monopolies Commission, rallied 5 to 135p.

Leading **Buildings** began the session firmly, but most drifted *back in the absence of buying* interest to close with only modest gains on balance. **RMC** settled 4 dearer at *378p,* after 380p, while **Blue Circle**, after touching a 1985 peak of 553p, drifted back to close only a couple of pence better on the day at 549p. Elsewhere, **John Laing** edged up 3 to 216p on occasional buying, but **French Kier**, a *strong market in recent* days on news that Trafalgar House had taken a 14.9 per cent stake, were much quieter and eased a penny to 163p. **Henderson Group** slipped 3 to 245p following uninspiring annual figures, but **A. Monk** put on 4 more to 120p on speculative buying.

The chairman's optimistic *statement at the annual meeting* boosted **Alida Holdings** 8 to 235p.

Peters Stores up

Speculative interest in the Stores sector switched to secondary issues. **Peters** responded to takeover chatter with a jump of 12 to 82p, while **John Menzies** firmed 10 to 283p as Guinness bid hopes resurfaced. **Home Charm** advanced 8 to 352p and **Millets** improved 13 to 163p; the *latter's results are scheduled for* next Thursday. **Tern**, on the other hand, fell 6 to 42p follow*ing comment on the disappoint*ing results and **Stead and Simpson "A"** gave up 8 to 200p in the extended absence of bid developments. **Greenfields** declined 5 to 47p and **Our Price** 10 to 425p.

The profits slump of **Micro** *Focus prompted a sharp setback in other* Computer issues and contributed to depression throughout the Electrical sector. **CASE**, despite good annual results, fell 20 to 272p, while **Applied Computer** lost another 15 to 165p. **Micro Business** dipped 25 to 125p and falls of 10 were marked against **Micro**-*lease, 310p,* and **Miles 33**, *360p.* Among the Electrical leaders, **Plessey** were vulnerable in the *early dealings and fell to 160p* before staging a good rally to close only 4 cheaper on the day at 166p. Elsewhere, **Emess Lighting** remained a firm counter at 235p, up 15, following the proposed acquisition and rights issue.

Leading **Engineers** followed the reactionary trend. **Vickers** were vulnerable to profit-taking and gave up 8 more to 320p; it was announced late yesterday that Reliance Group Holdings *had increased its stake in* Vickers to 6 per cent. Elsewhere, Press mention left **Johnson and Firth Brown** a penny higher at 20¼p, while **Suter** bid hopes prompted further demand for **Weir Group**, which gained 6 more to 60p. **Wire and Plastic** were good again at 105p, up 7, and **Laird Group** improved 4 more to 176p.

Foods continued to meet with selective demand. **Kwik Save** were again prominent, at 208p, up 10, while takeover favourite **United Biscuits** rose 7 for a two-day gain of 17 to 193p. **Dee Corporation** moved up 13 to 244p, while **Iceland Frozen Foods** *firmed 13 to 483p following the* annual meeting. Buying ahead of the annual results, expected *towards the end of the month,* lifted **Freshbake** 7 to 80p.

Cautious Press comment on the interim results lowered **Grand Metropolitan** 15 to 305p, while a broker's downgraded profits estimate continued to depress **Trusthouse Forte** which shed 5 for a two-day fall of 10 to 141p.

Fison's improve afresh

Leading miscellaneous industrials eventually settled a few pence lower on balance. **BOC Group** closed 4 cheaper at 298p, *while* **BTR** *ended 5½p lower* at 373p ex the scrip issue. Elsewhere, **Fisons**, still reflecting rumours of a new drug, rose to 323p before closing 10 higher on balance at 320p. **Pentland** moved up to 960p before profit-taking left a close of 5 cheaper on the day at 935p. Late support took **European Ferries** up 6 to 150p, while speculative activity *put* **Fobel** *5 dearer at 32p.* **Bardsey** improved 2 to 8p on news that Mr F. R. Northcott has acquired 2m *ordinary shares in* the company. **J. Bibby** advanced 5 to 245p awaiting next Tuesday's interim statement, while **Avon Rubber**, also due to report half-year figures next week, gained a like amount to 305p. **Associated British Ports** revived 8 to 268p. Satisfactory annual results prompted a rise of a couple of pence to 97p in **Robert** *Moss,* but *Diploma,* still overshadowed by the recent interim statement, gave up 5 at 185p.

Buyers continued to show interest in selected Leisure issues. **Insight** gained 6 more to 140p, while **Media Techonology** moved up 7 to 177p. **Photax (London)** rose 10 to 53p in response to a newsletter recommendation.

The Motor sector was notable for a fresh rise of 5 in **Lucas** to a 1985 peak of 289p.

In Paper/Printings, **DRG** rose 5 to 168p following the annual statement. **Wace**, still reflecting the profits recovery, put on 4 to 43p, while **Good Relations** added 8 at 218p.

Secondary issues provided the noteworthy movements in Properties. Good annual results and a confident statement lifted **Hanover Investments** 13 to 138p, while Press mention helped **Control Securities** improve 1½ to 39p. **Regalian** continued to *attract buyers at 106p, up 4,* but **Cussins** lost 15 to 180p on occasional selling. Residential property developers **Mountview** firmed 5 more to 390p, but **C. H. Beazer** slipped a couple of pence *to 380p with the new nil paid* shares the same amount off at 32p premium.

P & O Deferred revived among Shippings, rising 8 to 355p, after 356p, following news of a subsidiary's property development plans. Elsewhere, **Milford Docks** advanced 6 to 83p on renewed speculative support.

John Foster featured Textiles with a gain of 4 to 76p, after 80p, in response to better-than-expected results.

Imps, *supported of late on* hopes that the sale of its Howard Johnson motel and restuarant chain was imminent, improved further to 198p before closing 3 easier on balance at 192p. **Bats**, on the other hand, put on 8 to 320p following the annual general meeting.

BP easier

British Petroleum's first-quarter profits were in excess of market estimates, but the shares, firm recently, encountered profit-taking and closed 10 *lower at 553p.* **Shell**, *three-month* figures due on May 22, continued to attract American buying in*terest and advanced to 725p prior* to closing a net 7 up at 717p. **Ultramar** also met with profit-taking in the wake of Wednesday's first-quarter results and slipped 7 to 235p. **Enterprise** were unchanged at 190p following the annual meeting. Elsewhere, **Berkeley Exploration** eased 2 to 138p on news that Charterhouse Petroleum had re*duced its stake in the company* to 17.31 per cent. **Highland Participants** moved up 6 to 321p following the annual trading statement, but **Caledonian Offshore**, firm initially at 530p, reacted to close 15 down at 490p following the statement that the company knew of no reason for recent movements in the share price. *Speculative buying lifted* **Energy Capital** *3 for a two-day gain of* 8 to 30p.

Golds subdued

Activity in mining markets *was reduced to minimal propor*tions. The improvement in the dollar against leading currencies hindered transatlantic interest in South African Golds, which subsequently drifted lower across a broad front. The subdued conditions were accentuated by the closure of Johannesburg and major Continental centres for the Ascension Day *holiday.* Bullion traded within narrow limits throughout the day, finally closing $2.75 lower on balance at $320.5.

Losses among top-quality Golds rarely exceeded a point with the noteworthy exception of **Vaal Reefs**, 1⅜ off at £75½. The FT Gold Mines index fell 8.1 to 488.8 for a drop of 22.5 over the last two trading sessions.

The lacklustre performance of both Bullion and UK equities left London-registered Financials easier. **Consolidated Gold Fields** declined 5 more to 550p, while **Charter**, 197p, and **RTZ**, 607p, gave up 4 and 6 respectively.

The strength of domestic *markets—both* Sydney and Melbourne went better on reported American *buying—failed to* entice London operators and share prices closed little better than mixed. **Western Mining** hardened a couple of pence to 239p, but **CRA** *dipped 3 to 357p.* An outstanding firm feature was provided by South Australia-based **Terrex Resources** which spurted 5 to 27p, after 28p, aided by "call" option business. **Australian Consolidated Minerals**, on the other hand, reacted *on profit-taking to close 6 off* at 84p.

Elsewhere, Canada's **Hemlo** partners attracted revived speculative attention and **Goliath Gold** rose 25 to 510p, while **Golden Sceptre** put on 50 to 487p.

Proceedings in Traded Options were dominated by the introduction of sterling currency options. Business began at 9.15 am *(future sessions will begin* at 9.00 am) and continued briskly throughout the session, resulting in an encouraging total of 2,430 contracts comprising 1,816 calls and 614 puts. Activity elsewhere centred on recent favourites **British Telecom**, which attracted 695 calls and 496 puts. **Bats** also returned to favour and recorded 436 calls and 162 puts. Total contracts transacted amounted to 8,021.

FINANCIAL TIMES STOCK INDICES

	May 16	May 15	May 14	May 13	May 10	May 9	year ago
Government Secs.	80.37	80.57	80.72	80.61	80.30	80.06	79.95
Fixed Interest	85.32	85.50	85.53	85.62	85.51	85.32	84.74
Ordinary	1012.5	1022.3	1012.3	1016.9	1001.9	991.1	884.5
Gold Mines	488.8	496.9	511.3	497.1	493.9	491.9	645.4
Ord. Div. Yield	4.58	4.47	4.52	4.50	4.56	4.60	4.42
Earnings, Yld.% (full)	11.50	11.32	11.35	11.28	11.45	11.57	10.29
P/E Ratio (net) (*)	10.60	10.86	10.73	10.80	10.64	10.53	11.72
Total bargains (Est.)	26,740	28,607	29,361	27,877	27,236	24,896	21,893
Equity turnover £m.	—	456.2	487.0	439.7	514.46	597.49	507.05
Equity bargains	—	25,769	29,398	25,923	27,246	22,865	18,503
Shares traded (ml)	—	229.8	257.7	388.8	229.7	217.6	201.2

10 am 1024.5. 11 am 1022.3. Noon 1017.6. 1 pm 1014.8.
2 pm 1013.9. 3 pm 1014.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35.
Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
*Nil = 10.28

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.6 (22/1)	928.7 (3/1)	1024.6 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	429.5 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	May 15	May 14
Daily		
Gilt Edged Bargains	151.6	154.3
Equities Bargains	167.0	190.5
Equities Value	922.1	984.5
5-day Average		
Gilt Edged Bargains	141.7	145.2
Equities Bargains	170.0	165.0
Equities Value	927.7	883.4

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (103)
BRITISH FUNDS (2)
CANADIANS (2)
BANKS (1)
BREWERS (2)
BUILDINGS (8)
CHEMICALS (1)
STORES (4)
ELECTRICALS (2)
ENGINEERING (12)
FOODS (7)
INDUSTRIALS (19)
INSURANCE (6)
LEISURE (4)
MOTORS (1)
PAPER (4)
PROPERTY (4)
SHIPPING (1)
TEXTILES (2)
TRUSTS (18)
MINES (3)

NEW LOWS (26)
AMERICANS (1)
Saul (B F)
BANKS (2)
Clive Discount — Smith St. Aubyn
CHEMICALS (1)
Coates Bros. A N V
STORES (2)
Tern Group — Gee (Cecil)
ELECTRICALS (8)
Am Electronic Comp. — NEC Corpn.
Micro Bus. Systems — Philips Lamps
Micro Focus — Renishaw
Microlease — Toshiba
ENGINEERING (1)
Smith Whitworth
INDUSTRIALS (6)
Anglo-African Fin. — French (Thos)
Applied Computer — Sketchley
Diploma — Swedish Match B
INSURANCE (1)
Minet Hldgs
PROPERTY (2)
Markheath — Cussins Property
SHIPPING (1)
Common Bros
TEXTILES (1)
Sirdar
TRUSTS (2)
CJR Pacific Inv Tst. — Japan Assets 4½pc Cnv. Ln. 1994

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Grand Met.	21	320	+12
BTR	19	757	+20
British Telecom	17	166	+ 3
Debenhams	15	308	− 1
Comm. Union	15	232	+ 8
Glaxo	15	£12¼	+ 0⅛
Sears Hldgs.	15	98	+ 5
Smith St Aubyn	15	48	−12
Ultramar	15	242	+12
Bk. of Scot †	14	163pm	—
ICI	13	757	+ 9
Royal Insurance	13	645	+10
Pentland Inds.	12	950	+35
RHM	12	160	+ 9

† Nil-paid.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	85	9	13
Corpns. Dom. and Foreign Bonds	0	28	47
Industrials	265	249	934
Fin. and Props.	135	70	343
Oils	18	8	78
Plantations	1	1	10
Mines	27	57	96
Others	99	27	103
Totals	635	470	1,624

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs May 16 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed May 15 Index No.	Tues May 14 Index No.	Mon May 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	554.73	−0.6	10.12	4.04	12.33	7.11	558.09	554.21	558.34	514.59
2	Building Materials (23)	527.33	+0.1	12.55	4.89	9.77	6.84	526.67	521.26	519.45	506.18
3	Contracting, Construction (29)	742.46	—	13.49	5.55	9.59	16.40	742.10	738.64	733.29	724.91
4	Electricals (15)	1503.13	−0.2	10.42	4.85	12.12	27.85	1505.75	1507.58	1522.20	1673.10
5	Electronics (37)	1635.80	−1.2	9.11	3.09	14.14	13.77	1655.10	1646.32	1667.23	1741.18
6	Mechanical Engineering (63)	312.77	−0.1	10.19	4.42	11.94	4.70	313.05	311.84	316.14	252.76
8	Metals and Metal Forming (7)	195.20	−0.4	12.72	7.79	9.84	3.71	195.93	194.59	194.85	195.06
9	Motors (17)	164.17	−0.5	13.44	5.13	9.20	3.09	165.01	165.31	165.80	141.19
10	Other Industrial Materials (17)	986.37	−1.0	7.19	3.19	16.72	11.22	996.75	980.88	987.89	697.08
21	CONSUMER GROUP (177)	662.85	−0.1	9.62	3.77	12.79	6.86	663.44	657.37	661.03	526.78
22	Brewers and Distillers (23)	602.73	−0.5	11.20	4.50	11.08	3.72	605.95	596.63	600.65	535.10
25	Food Manufacturing (20)	512.90	—	11.89	4.68	10.57	9.54	512.87	508.07	510.91	397.65
26	Food Retailing (13)	1618.22	+0.6	5.39	2.37	24.70	5.76	1608.67	1595.43	1602.95	1195.31
27	Health and Household Products (9)	1048.16	—	6.24	2.69	18.73	5.75	1048.75	1033.50	1037.04	806.31
29	Leisure (23)	690.66	−1.0	8.55	4.71	15.24	12.59	697.48	706.09	707.13	663.09
32	Newspapers, Publishing (12)	1783.64	+0.1	6.71	4.26	19.23	32.34	1781.71	1772.44	1778.26	1362.72
33	Packaging and Paper (14)	319.97	+0.1	12.01	4.09	9.58	2.30	319.59	320.30	322.55	265.83
34	Stores (41)	636.55	−0.7	7.66	3.21	17.60	5.00	640.95	634.49	636.80	478.62
35	Textiles (19)	320.64	−0.1	16.66	4.74	6.95	3.78	321.11	320.12	321.47	297.37
36	Tobaccos (3)	854.43	+1.5	17.45	5.02	6.43	17.44	841.99	832.05	845.43	617.74
41	OTHER GROUPS (98)	720.55	−0.3	8.40	3.83	15.01	5.68	722.57	715.84	719.48	462.80
42	Chemicals (17)	757.95	−0.2	13.71	4.89	9.01	14.95	759.22	753.47	758.35	612.45
44	Office Equipment (4)	188.03	+0.5	7.00	4.47	17.71	3.52	187.08	184.09	181.53	130.86
45	Shipping and Transport (12)	1175.68	+1.6	6.41	4.72	20.03	22.83	1157.64	1155.82	1159.17	983.46
46	Miscellaneous (63)	873.93	−0.4	6.99	3.36	17.57	6.30	877.25	872.14	874.27	643.31
48	Telephone Networks (2)	926.80	−0.6	7.22	3.47	18.07	0.70	932.01	919.98	926.80	0.0
49	INDUSTRIAL GROUP (483)	657.89	−0.3	9.41	3.85	13.21	6.77	659.68	653.99	657.85	518.61
51	Oils (17)	1194.41	−0.6	15.48	6.97	7.94	37.60	1201.46	1179.33	1166.76	1177.99
59	500 SHARE INDEX (500)	702.88	−0.3	10.23	4.27	12.12	9.23	705.10	698.08	700.66	573.93
61	FINANCIAL GROUP (114)	476.57	−0.5	—	5.24	—	8.31	478.74	475.55	478.53	378.10
62	Banks (6)	474.11	−1.1	16.35	7.29	8.73	11.71	479.42	476.88	483.39	376.53
65	Insurance (Life) (8)	736.75	+0.8	—	4.31	—	14.71	730.65	724.73	723.02	474.34
66	Insurance (Composite) (7)	356.03	−2.1	—	5.48	—	8.53	363.76	358.72	355.45	276.07
67	Insurance (Brokers) (7)	1151.15	+1.5	7.47	3.51	17.83	17.24	1134.07	1113.83	1128.26	737.75
68	Merchant Banks (11)	233.81	+0.3	—	4.09	—	1.22	233.01	232.41	231.77	232.99
69	Property (50)	642.19	—	5.74	3.59	23.76	3.28	642.19	639.77	653.36	566.37
70	Other Financial (25)	286.34	−0.1	8.46	5.65	14.45	4.78	286.75	287.97	286.79	248.66
71	Investment Trusts (106)	602.89	+0.3	—	3.36	—	5.96	600.86	600.85	599.21	501.16
81	Mining Finance (4)	290.84	−1.0	10.98	5.44	10.66	5.29	293.78	297.82	297.90	303.70
91	Overseas Traders (14)	665.79	−0.3	9.58	6.38	12.78	12.19	667.62	668.04	671.73	563.81
99	ALL-SHARE INDEX (738)	640.92	−0.3	—	4.41	—	8.80	642.93	637.44	639.84	523.81

	Index No.	Day's Change	Day's High	Day's Low	May 15	May 14	May 13	May 10	May 9	Year ago
FT-SE 100 SHARE INDEX	1336.1	−6.3	1344.2	1334.8	1342.4	1326.5	1333.0	1315.8	1306.3	1113.0

FIXED INTEREST

	PRICE INDICES	Thurs May 16	Day's change %	Wed May 15	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.62	−0.09	116.73	—	4.52
2	5-15 years	127.30	−0.30	127.68	—	5.07
3	Over 15 years	133.89	−0.41	134.44	—	3.47
4	Irredeemables	143.02	−0.32	143.47	—	6.07
5	All stocks	126.30	−0.25	126.61	—	4.70
6	Debentures & Loans	107.65	−0.15	107.81	—	5.06
7	Preference	77.80	—	77.80	—	3.01
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.77	+0.15	110.60	—	1.83

	AVERAGE GROSS REDEMPTION YIELDS		Thurs May 16	Wed May 15	Year ago (approx.)
	British Government				
1	Low	5 years	10.73	10.68	10.82
2	Coupons	15 years	10.87	10.82	10.71
3		25 years	10.43	10.38	10.18
4	Medium	5 years	11.70	11.64	11.57
5	Coupons	15 years	11.18	11.13	11.13
6		25 years	10.67	10.62	10.44
7	High	5 years	11.77	11.72	11.70
8	Coupons	15 years	11.33	11.27	11.29
9		25 years	10.82	10.76	10.53
10	Irredeemables†		10.22	10.19	10.05
11	Debs &	5 years	12.24	12.13	11.96
12	Loans	15 years	11.91	11.89	11.84
13		25 years	11.71	11.70	11.77
14	Preference†		12.63	12.63	12.58
15	Inflation rate	5%	3.43	3.43	3.36
16		10%	3.26	3.26	3.20

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
380	N.P.	16/5	—	—	Anglo EastPlantsUnts	—		—	—	—	—
125	F.P.	31/5	181	164	‡Aspen Comms. 5p	177	−2	u2.6	2.8	2.1	22.8
172	F.P.	28/6	182	176	Asda Property 20p	178	−2	u3.0	2.1	2.4	23.2
§166	F.P.	9/5	178	165	‡Assoc. Steel Dist. £1	178	+3	u6.0	2.1	6.4	12.3
—	F.P.	—	850	750	Banco de Bilbao S.A.	800		—	—	—	—
—	F.P.	—	700	650	*Banco de Santander*	665	−5	—	—	—	—
¶185	F.P.	3/6	226	160	‡Bedford (William) 5p	160		n3.5	2.6	3.1	17.7
§130	F.P.	17/5	118	100	Blagden Inds.	118		7.2	1.8	8.7	8.1
375	200	—	253	241	British Aerospace 50p	246	−1	13.65	3.1	4.6	7.9
165	F.P.	—	176	168	‡Clayform Props. 5p	168	−2	bg7.5	2.1	6.4	10.6
135	F.P.	—	135	124	Coloroll 10p	124	−5	bg4.6	2.5	5.2	11.1
200	F.P.	31/5	300	260	Domino Print. Scienc.	300	+15	u1.75	4.3	0.8	40.0
117	F.P.	31/5	130	120	*‡Electron House 10p*	127	−2	bg2.7	1.9	3.0	23.1
—	F.P.	—	43	37	German Small. Wrrts.	43		—	—	—	—
¶129	F.P.	7/6	200	172	‡Howard Group 5p	184	+4	bg4.2	3.2	3.2	13.5
150	F.P.	7/6	205	165	‡Huntleigh Tech 5p	205		u1.5	3.5	1.0	32.4
100	F.P.	—	103	101	MartinCurrie Pac. 50p	101	−1	—	—	—	—
28	F.P.	14/6	30	28	‡Maxiprint 1p	29		—	—	—	—
120	F.P.	7/6	174	143	‡Moorgate Group 5p	174	+4	bg2.0	5.2	1.6	33.3
175	F.P.	15/5	210	172	*New London Oil 5p*	176		—	—	—	—
113	F.P.	29/5	119	114	‡Norscot Hotels 50p	115		—	—	—	—
**	F.P.	—	90	73	P.&O. Warrants	78		—	—	—	—
100	F.P.	16/4	107	84	‡Pope 10p	90		u3.0	2.5	4.8	12.0
110	F.P.	7/6	112	109	Persimmon 10p	108		bg4.75	3.6	6.3	6.2
£7.25*	F.P.	26/4	86	80	Plantation Tst	80		—	—	—	—
—	F.P.	—	40	38	Do. Warrants	38	−1	—	—	—	—
100	F.P.	7/6	106	102	Prestwick 5p	104		u2.1	3.3	2.9	14.1
—	F.P.	26/4	95	73	REA Warrants	73		—	—	—	—
110	F.P.	10/5	114	104	Scott Greenham 10p	105		bg5.0	2.4	4.1	13.6
¶175	F.P.	7/6	205	175	‡Sherwood Com 10p	185		62.75	3.4	2.1	19.5
¶175	F.P.	8/5	185	170	Sintrom 10p	182		ug1.84	3.3	1.4	30.0
130	F.P.	10/5	143	137	‡Wayne Kerr 10p	143		u1.5	4.2	1.5	22.7
68	F.P.	24/5	72	68	‡Wyko Group 10p	68		bg2.4	2.4	5.0	11.7

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
—	F.P.	—			Anglo-East Plts. 12½% Uns. Ln. 95-98		
**	F.P.	—	105	100	Bramall (C.D.) 13¼% Cnv. Uns. Ln. 93-2005	105	
85.81	£30	19/6	31½	26	Int.-Am. Dev. Bk. 9⅝ Ln. 2015	29⅝	−¼
90.705	£30	6/6	30⅝	29½	Malaysia 10⅞% Ln. 2009	29½	−½
—	F.P.	—	100⅜	99¾	NationwideBldg.Soc. 12¼% Bds. 21/4/86	99¾	
—	F.P.	—	100	99¾	Do. 12% 12/5/86	100	
—	F.P.	6/6	99	92	Plantation Trst 7½% cnv. Uns. Ln. 2000	93	
‡	F.P.	6/6	108	105	*Queens Moat 7% Cnv. Rd. Prf.*	*105*	*−1*
‖	F.P.	14/6	114	105	Saatchi 6.3% Cnv. Cum. Red. Pref.	106	
49.895	£30	12/7	36⅝	30	Spain (Kingdom of) 11¼% Ln 2010	35⅝	−⅛
—	F.P.	—			Sweden (Kingdom of) 10⅛% Bds. 1995		
**	F.P.	—	128	122	Williams Hldgs. 5% Cum. Cnv. Prf.	126	−1
**	F.P.	—	106	103	Do. 10% Cum. Prf.	115	

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
200	Nil	20/6	163pm	153pm	Bank of Scotland £1	160pm	−3
180	F.P.	14/6	393	323	Barclays £1	384	
350	Nil	—	40pm	32pm	Beazer (C.H.) 70p	32pm	−2
28	Nil	—	1½pm	½pm	Brit. Empire Sec. & Gen. 5p	½pm	
102	*F.P.*	*15/5*	*126*	*114*	*Grampian Hldgs*	*114*	
80	Nil	—	7pm	5pm	‡Grosvenor Square 10p	7pm	
66	Nil	5/7	9½pm	7pm	Lon. & Northern	9½pm	+1½
285	F.P.	13/5	316	295	LASMO	305	
515	Nil	—	127pm	110pm	Low (Wm.) 20p	127pm	+4
285	Nil	13/6	70pm	56pm	Memec 10p	70pm	
95	Nil	7/6	7½pm	2pm	Nationwide Leisure	2pm	
25	F.P.	28/6	35	29	*Newman Inds. 10p*	34	+1
49Ir.	F.P.	—	64	48	‡‡Oliver Prospecting	62	
70	Nil	4/7	6pm	3pm	‡Rivlin (I.D.S.) 5p	3pm	−1
375	F.P.	10/5	427	405	Scapa	425	
11	Nil	4/6	11⅝pm	11pm	Second Market Inv. 5p	11pm	
222	Nil	28/6	22pm	14pm	Tesco 5p	22pm	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ‡ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). ‡ Units comprising 4 Ord., 1 Warrant and £1.00 of 12½ per cent Uns. Ln. stk. 1995-99.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 7	May 17	Aug 8	Aug 19
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23

For rate indications see end of Share Information Service

Stocks favoured for the call included Smith St. Aubyn, Don Brothers Buist, Sandhurst Marketing, Charterhall, Hampton Trust, W. H. Smith A, Attwoods, Energy Services, A and M Hire, John Carr (Doncaster), Arid Technology, Terrex and C. H. Bailey. A put was taken out in *Energy Services, but no doubles* were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BP	553	−10
Clive Discount	51	− 7
Commercial Union	224	− 8
DRG	168	+ 5
Freshbake Foods	80	+ 7
General Accident	603	−12
GRE	703	−12
Micro Focus	325	−420
Pentland Inds.	935	−15
Royal Insurance	633	−12
Shell Transport	717	+ 7
Sun Alliance	470	−10

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅞	99⁷⁄₁₆	Treas 11½pc 1985	99⅔	...	11.53	12.69
98⅞	97¼	Treas 8¼pcCnv '85	98⅞	...	8.86	12.53
101⅞	99⁷⁄₁₆	Exch. 12¼pc 1985	99⅞xd	...	12.26	12.30
101⅜	99⁷⁄₁₆	Exch. 11¼pc '86	99¼	–⅛	11.78	11.98
99½	97⅜	Treas. 10pcCnv 1986	98⅜	–⅛	10.17	11.89
94⅞	92¼	Treas 3pc 1986	94⅝	–⅛	3.17	8.70
100	97½	Exch. 10½pc Cv '86	98¼	–⅛	10.63	11.86
101⅞	99¼	Treas 12pc 1986	100⅛xd	–⅛	11.98	11.86
97⅜	94⅞	Treas 8½pc 1984-86‡‡	96¾	–⅛	8.79	11.58
105⅜	102⅞	Exch 14pc 1986	102⅞	–⅛	13.61	11.75
92⅜	87⅜	Exch. 2½pc 1986	91⅞xd	–⅛	2.72	8.27
104⅜	101⅝	Exch. 13¼pc 1987	102⅛	–⅛	12.97	11.77
99½	96⅝	Treas 10¼pcCv '87	97¾	–⅛	10.49	11.67
90⅜	85½	Exch 2½pc 1987	90		2.78	8.68
99⅞	96⅜	Exch. 10½pc 1987	98⅛	–⅛	10.71	11.64
93	89	Funding 6½pc '85-87‡‡	92⅜		7.04	10.92
98½	95½	Treas. 10pc 1987	96⅞	–⅛	10.32	11.74
88⅞	84¼	Treas 3pc 1987	88⅜	...	3.39	9.04
102⅞	99⅛	Treas 12pc 1987	100⅝	–⅛	11.93	11.67
93⅝	90¼	Treas 7¾pc 1985-88‡‡	92½	...	8.36	11.02
98⅞	95⅛	Exch 10½pc '88	97⅜xd	–⅛	10.79	11.59
96⅞	93⅝	Treas 9¾pc Cv '88	95⅜	–⅛	10.23	11.63
84	80	Transport 3pc '78-88	83⅞	...	3.58	9.04
95½	91½	Treas. 9½pc '88	93⅞	–⅛	10.13	11.72

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
22⅞	16¼	Amer Medical Int $1	20½	.....	60c	—	2.3
59¼	32	Amer. Nat. Res. $1	51¼		h$1.41	—	2.1
20⅝	16⅛	American T. & T. $1	18⅜	+½	$1.20	—	5.1
79½	64⅛	Ameritech $1	69⅝	+¼	$6.00	—	6.8
25	16	Amfac	20½	...	$1.44	—	5.5
47p	29p	♦ArvilTech	40p		—	—	—
18½	15	Bankamerica $1	17⅛	+½	$1.52	—	6.9
60⅞	47	Bankers N.Y. $10	59xd	+1⅛	$2.70	—	3.6
12⅛	834p	BASIX Corp	840p	+6	12c	—	—
80¼	65½	Bell Atlantic $1	69⅞	+⅝	$6.80	—	7.6
34¼	28⅛	Bellsouth $1	30¼	+⅜	$2.60	—	6.6
19⅛	13⅛	♦Beth Steel $8	13¼		40c	—	2.4
24	16⅛	Bowater Inc.	18¼		72c	—	3.1
40½	31⅛	Brown'g-Fer. 16⅔c	35	+½	$1.08	—	2.4
37⅛	26⅛	Brunswick Corpn.	28⅛	+⅜	$1.00	—	2.8
525p	351p	♦Business Computer	393p		—	—	—
39⅞	31⅛	CPC Intnl 25c	33¼xd	+⅛	$2.20	—	5.1
25	18⅛	CSX Corp U.S.$1.00	20		$1.04	—	4.1
16⅛	13	CalFed Inc $1.00	16⅝xd		32c	—	1.5
65¼	51⅞	Campbell Soup 60c	52¼	+⅛	$2.50	—	3.8
31⅛	24⅞	Caterpillar Tractor	26⅛xd	+¼	50c	—	1.5
902p	680p	Cenergy Corp 25c	808p	+6	1c	—	0.1
52¼	40⅝	Chase M'htn $12.5	46½xd	+¼	$3.80	—	6.4
38¼	29¼	Chemical New York	33⅞	+1	$2.36	—	5.5
34½	25⅛	Chesebrough-Pond's $1	28⅛	....	$1.92	—	5.3
32⅛	25⅞	Chrysler $6¼	28¼	+⅝	$1.00	—	2.8
42⅛	32⅛	Citicorp $4	38¼	+⅛	$2.26	—	4.6
900p	820p	City Fed Fin. Corp.	900p	+6	040c	—	3.5
23½	19⅛	Colgate-P. $1	20⅛	+½	$1.28	—	5.0
57⅛	44	Colt Inds. $1	44½	+⅛	$2.50	—	4.4
155p	40p	Cont Illinois Hldgs $1	50p	+10	—	—	—
258p	100p	♦Corporate Data Scnce	206p	..	—	—	—
36¼	28⅛	Crown Zell. $5	33⅛		$1.00	—	2.4
44½	20⅞	Cullinet Sftwr $0.1	23¼	+¼	—	—	—
506p	304p	Damson Oil 40c	370p	+3	—	—	—
29	21⅛	Dana Corp $1	21¼	+½	$1.28	—	4.6
67	22⅛	Data General	31⅞	+⅛	—	—	—
77p	27p	♦Derma-Lock Medicl	27p		—	—	—
67	54⅛	Dun & Bradstreet $1	60xd	+½	$1.88	—	2.5
55½	39⅞	Eaton Corpn. 50c	42½	+¼	$1.20	—	2.2
46½	38⅛	♦Exxon	40½	+⅛	$3.40	—	6.6
20⅛	12½	FPL Group $0.01	19¼	+⅛	h$1.88	—	7.5
974p	447p	Fin Corpn. Amer 50c	560p	+14	h34c	—	4.8
23⅛	17⅛	First Chicago $5	20½	+⅞	$1.32	—	5.0
17⅝	12⅝	Fluor Corpn. 62½c	14⅞	...	40c	—	2.1

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£96	£81	Whatreson 7¼%	£85		Q7¾%	2.3	19.3	—
435	375	Metal Box £1	390	−7	+15.0	3.2	5.5	6.3
170	136	Metal Closures	152	−1	6.7	2.0	6.3	9.5
17	9	Metal Scmcn 2½p	12		—	—	—	—
104	73	Midland Marts	104		4.0	1.8	5.5	13.2
83½	68	Mitchell Cotts	74½		4.0	1.5	7.7	10.7
230	182	Morgan Crucible	230		8.0	◆	5.0	◆
32	22	Morris (M) F.A. 20p	29		0.5	◆	2.4	◆
105	91	Moss (Robt.) 10p	97	+2	2.5	◆	3.8	◆
81	68	Myson Grp 10p	79½		2.4	3.4	4.5	15.1
410	267	NMW Computers	370	−10	6.0	◆	2.3	◆
43	34	Nash Inds.	35		2.5	1.5	10.2	8.1
48	24	Neil & Spencer 10p	29		◆	—	—	8.7
35	14½	Newman Inds 10p	33		—	—	—	◆
35	18½	Do. 10pc Cm Cnv Pf	34		10%	—	4.2	—
55	43	Nolton	54	−1	1.1	4.5	2.9	9.1
183	146	Norcros	155		8.6	2.4	7.9	8.2
64	51	Nu-Swift 5p	55		2.4	3.2	6.2	7.2
95	68	Oakwood Grp	90		4.5	1.4	7.1	(13.2)
180	150	Office & Elect	180	+4	7.5	2.4	6.1	9.6
108	83	Oldacre 20p	86		4.0	2.6	6.6	7.6
58	37	Optometrics $0.01	50	+1	Q2c	—	3.1	53.1
475	312½	Oriflame £1	475	+25	23.4	1.3	7.0	14.8
18	15	Owenstone 12½c	17		0.45c	2.2		3.9
£178	£158	Ocalid 9pc Cnv 87-92	£177		Q9%	—	15.2	—
185	105	PCT Grp 10p	178		5.0	2.9	3.9	10.4
£14	£10½	PLM 8" Sk 25	£12½		Q21.6%	◆	4.6	◆
193	169	PSM Intl	184	+2	5.25	2.5	4.1	12.6
60	50	Pacific Sales 10p	53		2.4	2.2	6.5	(8.0)

INSURANCES

LEISURE

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −
162	146	Magnet Ag M 10p	162	
183	195	Media Tech Int 20p	177	+7
200	124	Medminster 10p	193	+1
280	175	Mrs World 10p	255	
127½	96	Mulupondy Len	96	
39	25	Mulmo Int 20c	28	+2
24½	19½	Owners Abroad	21	
53	38	Pantau (Lon.)	53	+10
24½	27	Polly Radio NV 5p	22½	
90	55	Paradote Dec Sk 10p	58	
458	366	Pleasurama 5p	430	+2
115	109	Do. 7pc CvCmRedPf	114	
96	77	Pres Entertain 50p	89	
65	28	Radio City 'A' NV	53	
56	43	Radio Clyde NV	48	
63	37	Riley Leisure 10p	52	
193	143	Saga Hols. 20p	172	
£11	540	Samuelson Grp £1	£10	
40	25	Sangers Photo 10p	40	+1
202	138	Scanro 50p	178	−2
156	128	Scott TV 'A' 10p	128	
508	319	SmaCo Inc $0.125	360	+3
15	9	Selec TV 10p	13	
140	25	Spectrum 5p	35	
32	23	TSW 5p	25	
142	108	TVS N/Vtg 10p	108	−2
235	132	Television Serv 50p	232	
79	69	Tottenham Hotspur	72	
260	182	Trident TV 'A' 10p	245	

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
350	140	Centennial Min's	145		—	—	—
120	70	Colby Res Corp	75		—	—	—
550	450	Cons. Murch. 10c	450		10100c	1.4	10.8
40	28	Ennes Int. Ir10p	34		—	—	—
117	73	Greenwich Res. Inc.	95	+1	—	—	—
215	157	Hampton Areas 10p	195		3.75	2.1	2.6
260	160	Highwood Res.	175		—	—	—
£22½	£18	Homestake Mining $1	£19¾		Q20c	—	0.8
310	190	McFinley Red Lake	250	+10	—	—	—
300	195	Mosto Explorations	265	−5	—	—	—
55	23	New Sabina Res C$1	45	+3	—	—	—
375	260	Northgate C$1	310	−25	—	—	—
685	581	RTZ	607xd	−6	20.0	2.7	4.7
£145½	£129	Do. 9½pcLn '95-2000	£132½xd		Q9½%	14.0	(7.4)
£13¾	£10	Tara Expln $1	£13¼	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	100	....	Arnott	169xd	....
Craig & Rose £1	£9	....	CPI Hldgs.	50	....
Finlay Pkg. 5p	59xd	....	Carrol Inds.	119	....
Higsons Brew	157	....	Dublin Gas	50	−1
Holt (Jos) 25p	750xd	....	Hall (R. & H.)	55	....
IoM Stm. £1	87	+7	Heiton Hldgs.	15	....
IRISH			Irish Ropes	43	....
Fund 11¼% 1988	£96¼	−3¼	Jacob (W.& R.)	75xd	....
Nat. 9¾% 84/89	£90½	+½	Unidare	83	....
Fin 13% 97/02	£98¾	+¼			

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	18
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd.	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	"Imps"	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen.	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	53	Lucas Inds.	25		
Brit. Telecom	11	Marks & Spcr	11	Brist. Oil & Min	4
Brown (J.)	3	Midland Bk	38	Brit Petroleum	42
Burton Ord	39	NEI	8	Burmah Oil	18
Cadburys	14	Nat West Bk	60	Charterhall	6
Comm Union	19	P & O Dfd	36	Premier	5
Courtaulds	12½	Plessey	17	Shell	60
Debenhams	17½	Polly Peck	26	Tricentrol	18
Distillers	28	Racal Elect	18	Ultramar	19
Dunlop	6	RHM	11		
FNFC	8½	Rank Org Ord	32	**Mines**	
Gen Accident	45	Reed Intnl	50	Charter Cons	18
Gen Electric	17	Sears	8	Cons Gold	44
Glaxo	85	TI	20	Lonrho	14
Grand Met	25	Tesco	20	Rio T Zinc	56
GUS 'A'	68	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 38

WORLD STOCK MARKETS

Indices

NEW YORK-DOW JONES

	May 16	May 15	May 14	May 13	May 10	May 9	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,278.05	1,273.52	1,273.3	1,277.5	1,274.18	1,280.38	1299.36 (1/3)	1184.96 (4/1)	1299.36 (1/3/85)	41.22 (2/7/32)
Transport	617.58	611.16	609.72	617.36	617.83	604.30	635.38 (1/3)	553.83 (4/1)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	161.83	159.21	158.70	158.85	159.73	159.11	159.73 (10/5)	146.54 (4/1)	163.72 (28/4/69)	10.5 (28/4/42)
Trading vol	-	108m	97.3m	85.8m	140.2	140.2m	—	—	—	—

	May 10	May 3	Apr 26	Year Ago (Approx)
Ind Div Yield %	4.81	4.80	4.79	4.78

STANDARD AND POORS

	May 16	May 15	May 14	May 13	May 10	May 9	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	205.27	204.20	203.49	204.39	203.95	201.45	205.15 (1/3)	182.24 (4/1)	205.15 (1/3/85)	3.62 (30/6/32)
Composite	185.66	184.54	183.87	184.61	184.28	181.92	184.61 (13/5)	163.68 (4/1)	184.61 (13/5)	4.40 (1/6/32)

	May 1	April 24	April 17	Year Ago (Approx)
Ind div yield %	3.93	3.84	3.85	3.93
Ind. P/E Ratio	11.20	11.28	11.27	12.42
Long Gov Bond Yield	11.33	11.33	11.28	12.84

N.Y.S.E ALL COMMON

May 16	May 15	May 14	May 13	1985 High	1985 Low
107.50	106.87	106.40	106.65	106.87 (15/5)	94.60 (4/1)

RISES AND FALLS

	May 15	May 14	May 13
Issues traded	1,991	2,002	1,999
Rises	942	720	866
Falls	586	838	652
Unchanged	463	444	481

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Signal	2,864,300	48½	+1⅞	Atl Rich	801,700	60¾	−⅛
Allied Cp	1,893,900	41⅛	+1⅛	Goodyear	775,100	28½	+⅛
ATT	1,719,000	23⅜	+⅜	Mid-So Utl	775,000	13⅞	+⅛
Mapco	963,700	35⅛	+¾	Ford Motor	769,200	41⅛	+⅛
Hewlett-Pack	937,800	33	−1	IBM	762,100	129⅛	+¾

Advances 982 Declines 538

TORONTO

	May 16	May 15	May 14	May 13	1985 High	1985 Low
Metals & Minls	2,015.6	1,987.6	2,016.8	2016.3	2190.7 (13/2)	1896.0 (4/1)
Composite	2,705.6	2,672.2	2,668.3	2648.0	2672.2 (15/5)	2348.5 (8/1)
MONTREAL Portfolio	133.11	131.12	130.86	129.78	132.77 (5/3)	117.00 (4/1)

* Indicates pre-close figure

	May 16	May 15	May 14	May 13	1985 High	1985 Low
AUSTRALIA All ord. (1/1/80)	902.7	885.5	898.4	892.7	902.7 (16/5)	715.5 (7/1)
Metals & Minls. (1/1/80)	582.0	575.5	578.8	573.2	582.0 (16/5)	362.5 (7/1)
AUSTRIA Credit Aktien (2/1/62)	(c)	93.61	94.59	94.70	95.39 (10/5)	58.21 (24/1)
BELGIUM Brussels SE (1/1/80)	(c)	2257.72	2228.27	2225.37	2510.05 (15/5)	2090.7 (16.1)
DENMARK Copenhagen SE (3/1/83)	(c)	187.18	185.75	188.22	192.70 (24/4)	158.44 (8/1)
FRANCE CAC General (31/12/82)	(c)	221.6	220.7	220.2	221.6 (15/5)	180.9 (3/1)
Ind Tendance (28/12/84)	(c)	125.1	121.9	121.4	125.1 (15/5)	100.1 (3/1)
GERMANY FAZ Aktien (31/12/58)	(c)	451.89	452.57	428.11	452.57 (14/5)	382.39 (3/1)
Commerzbank (1/12/53)	(c)	1,262.9	1265.6	1251.2	1265.6 (14/5)	1111.9 (3/1)
HONG KONG Hang Seng Bank (31/7/64)	1635.66	1,612.61	1615.00	1628.29	1635.66 (16/5)	1220.74 (2/1)
ITALY Banca Comm Ital. (1972)	316.42	314.24	305.07	294.47	316.42 (16/5)	228.56 (2/1)
JAPAN** Nikkei-Dow (16/5/49)	12569.5	12556.0	12504.2	12541.5	12683.3 (5/4)	11545.2 (6/1)
Tokyo SE New (4/1/68)	969.08	967.67	978.65	981.36	1006.98 (22/3)	916.95 (4/1)
NETHERLANDS ANP-CBS General (1970)	(c)	208.1	207.9	209.1	213.0 (8/5)	185.6 (3/1)
ANP-CBS Indust (1970)	(c)	171.6	171.9	171.9	175.2 (7/5)	147.9 (3/1)
NORWAY Oslo SE (4/1/83)	(c)	332.37	332.27	334.48	345.6 (8/2)	288.18 (2/1)
SINGAPORE Straits Times (1966)	825.62	814.32	804.24	801.64	852.85 (7/3)	764.38 (16/1)
SOUTH AFRICA JSE Gold (28/9/78)	(c)	—	1109.4	1091.1	1140.6 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	(c)	—	954.7	922.7	954.7 (14/5)	767.1 (7/3)
SPAIN Madrid SE (28/12/84)	111.41	(c)	111.49	111.26	117.41 (4/2)	101.48 (2/1)
SWEDEN Jacobson & P (1/1/58)	(c)	1,384.18	1408.94	1424.79	1486.99 (11/2)	1361.08 (2/1)
SWITZERLAND SwissBank Cpn. (31/12/58)	(c)	429.8	431.4	433.0	433.0 (13/5)	388.7 (3/1)
WORLD Capital Intl. (1/1/70)	—	—	207.6	207.7	207.7 (15/5)	184.5 (4/1)

** Saturday May 11: Japan Nikkei-Dow (c). TSE (c).

Base value of al indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Continued from Page 36

Stock	Sales (Hnds)	High	Low	Last	Chng

Continued on Page 46

FT COMMERCIAL LAW REPORTS

Undiscovered building damage gives rise to cause of action

LONDON BOROUGH OF BROMLEY v RUSH AND TOMPKINS LTD AND OTHERS
High Court, Official Referee: Sir William Stabb QC: March 8 1985

WHERE THE defective design and construction of a building is such that damage will inevitably result with passage of time, the six-year period in which an action for damages may be brought begins to run from when the damage becomes relevant and significant, irrespective of whether it has been discovered or should have been discovered with reasonable diligence.

Sir William Stabb, QC, so held when giving judgment for the defendants, Rush and Tompkins, building contractors, and T. D. Shepherd and others, consulting engineers, in a claim by the London Borough of Bromley for negligence and breach of statutory duty in the building of an office block.

* * *

SIR WILLIAM STABB, QC, said that a development company arranged for the building of Sherman House, which was a large office block constructed in reinforced concrete. It engaged T. D. Shepherd to design the concrete structure, and Rush and Tompkins to undertake the building work.

The building was completed in December 1967, and the London Borough of Bromley entered into occupation in about 1968.

In 1975 cracks in the exterior of the reinforced concrete were observed, and a detailed inspection carried out in early 1976 revealed a number of cracks of sufficient severity to indicate a likelihood of spalling of the concrete with consequent danger to persons below.

The Borough was obliged to carry out extensive remedial work in 1977, and in the present action, commenced by writ on March 5 1980, it claimed damages for the costs and expenses incurred.

The defendants, Rush and Tompkins and T. D. Shepherd, each pleaded that the cause of action arose outside the six-year limitation period before issue of the writ, and that the claim was statute-barred.

A preliminary issue was tried as to whether the damage occurred within six years before date of issue of the writ, and as to the cause of the damage.

The cause was corrosion of the steel reinforcement within the concrete. The depth of steel cover was inadequate, the cement content was low, and the chloride content was high. The combination of those factors caused rapid depassivation and the subsequent onset of corrosion.

A cause of action in tort for damage caused by negligent design or construction of a building accrued when the damage came into existence, and not when it was discovered, or should with reasonable diligence have been discovered—See *Pirelli General Cable Works [1983] 2 AC 1*.

The Borough's claim was based on damage which came to light between 1975 and 1977. The defendants contended that in reality the damage which gave rise to the cause of action came into existence before March 4, 1974. The burden of establishing that contention was on them.

In *Cartledge v Jopling [1963] AC 758*, a claim for damages for personal injuries, it was said that whether a man had suffered actionable harm was a matter for the court to decide, and that in a borderline case, it was a question of degree. In *Pirelli* the same principle was applied to damage to a building.

If the nature and extent of the damage necessary to give rise to a cause of action was a matter of degree, the test should be that the damage was relevant and significant.

For example, any damage to the fabric of the building which necessitated remedial work must plainly be relevant and significant. But not every defect would lead to damage that was relevant and significant—for example, corrosion to pipes in which a corrosion allowance had been made.

It had been suggested that there were two types of case to consider. The first was where the defect in a building might not give rise to damage unless and until it was put to the test of compliance with conditions which the designer or builder was under a duty to foresee.

An example of that type of case was where defective foundations carried the required load until exceptional but foreseeable weather conditions caused the building to settle and so become damaged. There the cause of action only arose when damage consequent on the defect was caused by some factor which might or might not arise. Such was the case in *Pirelli*.

The second type of case was where the initial defect needed no trigger to produce its consequent damage—a defect which in the course of time would inevitably result in damage.

An example of that type was the present case. With the building as constructed, the steel reinforcement would inevitably begin to corrode with the passage of time. Such corrosion was irreversible without corrective remedial measures, and the inevitable consequence was damage to the building.

It was contended for the defendants that in such a case the defect itself constituted the damage.

That was not accepted. In each case some factor had to happen to make the latent damage patent. In the one type of case it was some specific outside factor; in the other it was simply the passage of time.

At what stage in the present case did the relevant and significant damage to the building first occur.

On the evidence and on the balance of probabilities, hairline cracks in the concrete, caused by the progress of corrosion in the steel reinforcement, came into existence during 1972-1973, and certainly before March 1974.

The hairline cracking, though not discovered and not reasonably discoverable by the Borough, was the first manifestation of the existence of relevant and significant damage, and accordingly, the cause of action accrued more than six years before issue of the writ.

The Borough submitted that damage only arose when a building became a danger to the public, or when its condition was such that the occupier felt obliged to take steps to repair it.

Neither of those stages provided the right objective test as to when significant damage came into existence. What an occupier might or might not consider to be the proper and most convenient or economical moment to effect any necessary repairs was quite irrelevant—as was the question of occupier's liability in the event of damage to a third party.

In the present case it could not truly be said that the *Pirelli* principle operated unfairly against the Borough. At the worst, it had until 1978, or two years after discovering the serious shortcomings of the building, within which to commence proceedings.

The present type of damage, however, and other forms of damage, could obviously develop in such a way that by the time the occupier had learned of its existence the limitation period might well have expired.

His Lordship repeated the words of Lord Fraser and Lord Scarman in *Pirelli*, over two years ago. There Lord Fraser said: "I express the hope that Parliament will soon take action to remedy the unsatisfactory state of the law on this subject"; and Lord Scarman said: "It must be . . . unjustifiable in principle that a cause of action should be held to accrue before it is possible to discover any injury or damage. A law which produces such a result . . . is harsh and absurd."

The action was dismissed.

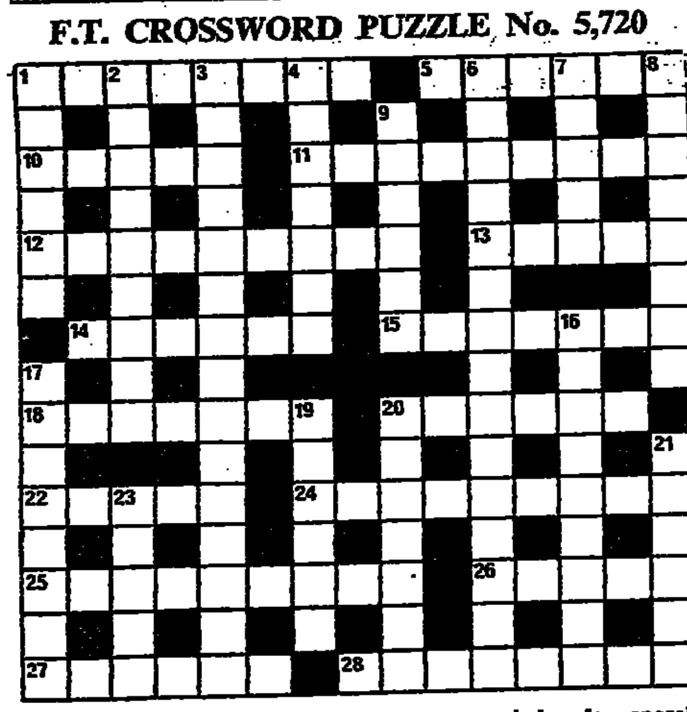
For the Borough: Humphrey Lloyd QC and Angela Higgins (Herbert Smith and Co.).

For Rush and Tompkins: John Tackaberry QC and Nicholas Padfield (McKenna and Co.).

For T. D. Shepherd: John Blackburn QC (Beale and Co.).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,720



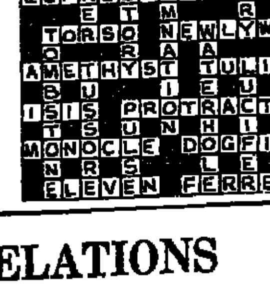
ACROSS

1 It could well be a sell-out (8)
5 Heaps of dogs? (6)
10 Agree to strike? (5)
11 He gives the old a new lease of life (9)
12 Added figures for golfers? (4-5)
13 The hump in the middle of bridges (5)
14 A Verdi composition that's different (6)
15 It describes events of world-shaking importance (7)
18 Cuts into two bits, taking half a second (7)
20 Transfer for a striker? (6)
22 Run away to join up, perhaps (5)
24 For a drink, agreed on a cocktail (9)
25 Sheridan's competitors (3, 6)
26 Peculiarity I would attribute to the Isle of Man (5)
27 Approaching the age of rebellion? (6)
28 Showed touching affection (8)

DOWN

1 Manifestation of armed power (6)
2 Tests food in courts (9)
3 One can judge for oneself when it is reached (3, 2, 10)
4 A reason for being stranded (7)
6 A spot of publicity (11, 4)
7 Valued trade, perhaps (5)
8 Wait on the patients, but do them a bad turn? (5, 3)
9 Greek-Cypriot union is one's design (6)
16 A subject for garage hands (9)
17 He may be conscientious in his protests (8)
19 Hit on an advertising catch-phrase (6)
20 Idly wander around ocean port (7)
21 Appeared to be soundly joined (6)
23 Repeated attempts to get out (5)

Solution to Puzzle No. 5,719



APPOINTMENTS

General Accident top post

Mr **Ian Menzies** is to be appointed general manager of GENERAL ACCIDENT FIRE & LIFE ASSURANCE CORPORATION from June 1. He is a director of J. Henry Schroder Wagg and Co. and has been responsible at Schroders for the relationship with General Accident.

*

Mr **Harry Fryer** has been appointed chairman of YARD. Previously deputy chairman his appointment follows the retirement of Sir Eric Yarrow as chairman of both Yarrow and YARD. Mr Fryer is also managing director of Yarrow. Three senior members of YARD staff have also joined the board. **Dr Bob King** is director responsible for the machinery scheme division; **Mr Alex Dorrian** is director of systems and controls division; and **Mr Jim McHale** is director of computer systems and software division.

*

Mr John Davis, former chief general manager and now vice-chairman of Lloyds Bank, is the new president of THE INSTITUTE OF BANKERS and chairman of its governing council. **Mr J. A. Brooks**, a director and deputy group chief executive of Midland Bank, has been elected by the institute's council as deputy chairman in succession to Mr Davis.

Chairman of AMC

Mr John Page will resign as director and chairman of the AGRICULTURAL MORTGAGE CORPN, at the end of the annual meeting on July 10. He will be succeeded by **Mr Henry U. A. Lambert**, who has been deputy chairman since 1977. Mr Lambert retired on March 8 as chairman of Barclays Bank UK and a deputy chairman of Barclays Bank, of which he remains a director. He will succeed **Lord Aldington** as chairman of Sun Alliance and London Insurance Group his month.

*

Mr J. M. Bottomley has been appointed a director of ROBERT FRASER & PARTNERS having previously been general manager and assistant director. Robert Fraser Trust Management, unit trust management subsidiary, has appointed **Mr Brian Banks** as managing director. He is a director of Guildhall Investment Management, investment advisers to the company.

*

Ms Anne Cooke has joined HOLLAND AUTOMATION INTERNATIONAL (UK) as financial controller. She was financial controller for Wormald International Electronics, part of the Mather & Platt Group.

*

SKANDIA LIFE ASSURANCE COMPANY has appointed **Mr Victor J. Dodds**, deputy head of sales, to the main board. He has been with Skandia Life since the company started business in 1979.

*

THE ASSOCIATION OF HYDRAULIC EQUIPMENT MANUFACTURERS has appointed **Mr B. M. Newman** (Hallite Seals International) as chairman succeeding **Mr G. W. Mason** (Mason Hydraulics); and **Mr M. D. Kelly** (Integrated Hydraulics) as vice-chairman.

*

The following have been appointed executive directors and join the board of SWISS BANK CORPORATION INTERNATIONAL: **Mr Peter Anderson, Mrs Carol Barazzone, Mr David Mun-Gavin, Mr Antony Northrop, Mr Gregory Shenkman** and **Mr Julian Summer**. The bank has also appointed **Mr Timothy von Halle, Mr Paul Newton** and **Mr Hugh Scott-Barrett** as associate directors.

*

Admiral Lord Lewin has been appointed chairman of BROOKE MARINE following the recent acquisition of the Lowestoft shipyard from British Shipbuilders by a management consortium.

*

UNITED LEASING has appointed **Mrs Celia Atkin** as group marketing director. A director of the company, Mrs Atkin has worked with United Leasing since its formation in 1976.

*

COIN INDUSTRIES has decided that the management structure of the group should be strengthened by the office of chairman becoming full-time and assuming overall direction of the business. The other business commitments of **Mr Trevor Entwistle** preclude his accommodating this major change of emphasis in the chairman's role, which he fully supports and his resignation has been accepted. **Mr A. W. Houston** has joined the board and has been appointed executive chairman.

Changes at Rockware

Mr Peter Coward has been appointed technical director of ROCKWARE GROUP and vice-chairman of Rockware Glass. He remains managing director of the Portland factory. **Mr Duncan Rotherham** takes over from Mr Coward as managing director of the Knottingley region. He was formerly strategic planning director.

*

Mr J. E. Redwood has been appointed a director of THE FLEMING CLAVERHOUSE INVESTMENT TRUST which is the specialist UK trust among the 10 investment trusts managed by Robert Fleming Investment Management. He is a director of Robert Fleming Investment Management.

*

MORGAN GRENFELL has decided to set up its own public relations department and has appointed **Mr Byron Ousey** as its first head from June 3. He has been manager of the public relations department of De Beers Consolidated Mines.

*

Mr Tom B. Malone has joined HUMPHREYS & GLASGOW as group director of administration—a new post. He was with McDermott Marine Engineering, responsible for financial and administrative controls. Humphreys & Glasgow is a subsidiary of Enserch Corporation, Dallas, Texas.

*

JAMES FLEMING & CO, a Scottish-based food group, has appointed a senior joint executive consisting of **Mr Crispin Flint, Mr James Fleming Flint**, and **Mr Robert H. Rae**, to manage the Group. **Mr Christopher C. Flint** continues as group chairman, but has retired as group managing director. In addition to his responsibility as chairman and managing director of Dunbar (1928), Mr Crispin Flint has been appointed chairman and managing director of Fleming Howden. Mr Rae, the group finance director, becomes deputy managing director of both Fleming Howden and Dunbar (1928). Mr James Flint continues as chairman and managing director of James Fleming (Manufacturers), and **Mr George R. D. Flint** becomes deputy managing director. Other appointments in the Group include: Mr A. S. Bell, who recently joined the company from Alexander Clark & Son (Produce) has been appointed purchasing director of Fleming Howden. **Mr Robert Ross**, technical director, has been appointed director of branches to succeed **Mr L. J. Conn** who retires in June. **Mr Cameron Blyth**, previously sales manager, joins the board as sales director of Fleming Howden. **Mr Ian McLaren** has been appointed sales director of Dunbar (1928).

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

Continued on Page 40

FT UNIT TRUST INFORMATION SERVICE

Pearl Trust Managers Ltd. (a)(g)(z)

Perpetual Unit Trust Mngmt. (a) (z)

Prolific Unit Trusts

Providence Capital Fd. Mgrs. Ltd.

Prudential Unit Trust Mngrs Ltd (a) (b) (c)

Quilter Management Co. Ltd.

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Lif Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mngt. Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Management Ltd.

Sun Life Trust Mngt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

TSB Unit Trusts (b) (c) (y)

3i & Target Fund Mgrs Ltd

Target Trust Mngrs. Ltd. (a)(g)

Temple Bar Unit Trust Mgrs Ltd

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd.(a)(c)(y)

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd. (z)

Aetna Montague Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Crescent Life Assurance Co. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society(z)

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance(z)

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance P.L.C.

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Moneywise Friendly Society

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Management Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Property Growth Pensions & Annuities Ltd

Providence Capital Life Ass. Co. Ltd.

Provident Life Assoc of London Ltd

Provident Mutual Life Ass. Assn.

Prudential Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Co. Ltd.

Scottish Amicable Investments

FT UNIT TRUST INFORMATION SERVICE

Scottish Equitable Life Assce. Soc.
31, St Andrew Sq, Edinburgh. 031 556 9101

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041 248 6321

Scottish Provident Institution
6 St Andrews Sq, Edinburgh. 031-556 9181

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL 0272 426911

Sun Life Pensions Management Ltd

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks. 0732 450161

TSB Life Ltd
PO Box 3, Keens Hse, Andover Hants SP10 1PG 0264 62188

TSB Pensions Ltd.

OFFSHORE AND OVERSEAS

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. $12.55
Inv. Adv. M. & G. Inv. Mngt., Ltd., London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech. $9.38
Dynamic Gwth Fd. $8.46

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.4	—	—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.56	9.38	13.94	Mth
7-day Fnd	12.62	9.47	14.08	Mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.14	9.07	13.38	6-Mth
7-day Fund	12.37	9.25	13.65	6-Mth
Dollar	6.87	—	—	6-Mth
Money Mngt. Acct	12.00	8.97	13.59	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Current Acc.	12.25	8.75	13.09	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.50	9.34	14.03	Qtr
Mth. Int. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	12.05	9.00	13.40	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.06	9.02	13.4269	Mth
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.375	9.25	13.79	Mth
U S Dollar	8.00	6.98	8.30	Mth
German Marks	5.0	4.73	5.12	Mth
Swiss Francs	2.00	1.50	2.02	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Citibank Savings				
St Martins Hse, Hammersmith Grove, W6 0NY 01-748 9251				
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save				
78-80 Cornhill EC3 01-626 6543 Ex 464				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	12.75	9.53	14.37	Qtr
Edward Manson & Co Ltd				
9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	12.75	9.53	14.49	Mth
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.05	9.00	13.40	Mth
Lombard North Central PLC				
17 Bruton St, W1A 3DH 01-409 3434				
14-Day Notice	12.75	9.53	13.61	—
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	12.26	9.16	13.66	Daily
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Choulartons)				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	12.70	9.53	14.50	Mth
Royal Bank of Scotland plc				
24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.25	9.15	13.73	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB 0708 66966				
H.I.B.A.	12.04	9.00	13.45	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.35	9.24	13.85	Qtr
Money Acc	12.75	9.25	13.87	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	12.10	9.04	13.70	Mth
Over £10,000	12.35	9.23	14.02	Mth
Western Trust & Savings Limited				
The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc	12.69	9.48	[illegible]	

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. [illegible]

COMMODITIES AND AGRICULTURE

Gold shows 'clear indications' of a rise

By John Edwards, Commodities Editor

THERE are clear indications that the price trend in gold, as well as silver and platinum, is due to move up, according to the Precious Metals Profile report, issued by metal brokers Rudolf Wolff yesterday.

However, the report says the rise in price hinges on the performance of the dollar and in the meantime there could be a short, sharp, decline in the market. Indeed the technical analysis of the gold market, based on *chart movements,* in the report concludes that "over the next 12 months statistical probabilities favour a fall in gold to below $200—likely, $165."

Meanwhile on the London Metal Exchange yesterday copper came under renewed selling pressure, following the further easing in the recent scarcity of immediately available supplies. The higher grade copper cash price closed £25.25 lower at £1,205.75 a tonne, losing virtually all of its premium over the three months quotation which was £12.5 down at £1,204.75 at the close, before easing to £1,993 in late after-hours trading.

The decline was accelerated by forecasts of a substantial increase in LME warehouse stocks this week and the easier trend on the New York copper market (Comex).

Zinc prices fell sharply again, following news that workers at *the* big Cominco Kimberly and Trail lead-zinc plants in British Colombia have accepted the terms of a new labour contract, thereby averting a strike.

Cash zinc, which has already fallen substantially in the past *fortnight as more supplies have* become available, lost a further £13.5 to £647.5 a tonne. The three months quotation closed £11 down at £653.5 reflecting rumours of a possible cut in the European zinc producer quotation from its present level of $960 to $920.

The shortfall of world copper production below consumption, forecast by the International Wrought Council meeting, for 1985 was 330,000 tonnes, not 30,000 tonnes as reported in the Financial Times yesterday due to a printer's error.

John Edwards looks at the recent fall below the 'floor' level

Price tactics undermine tin pact

THE RECOVERY in the Straits tin price in Kuala Lumpur overnight, to above the "floor" level of M$29.15 a kilo set by the International Tin Agreement, confirms that the buffer stock of the Tin Council is back in control for the moment. However the fact that the "floor" was breached so decisively earlier this month when the Straits tin price dropped to an eight-year low of M$27.49 has inevitably raised *doubts about the change in tac*tics by the buffer stock, and the credibility of this longest-surviving commodity pact.

One of the Agreement's prime objectives is to keep market prices within the "floor" *and* "ceiling" range, agreed by its producing and consuming member governments. Over the past three years in an effort to keep prices within the agreed range, the buffer stock of the International Tin Council has spent many millions of pounds acquiring about 60,000 tonnes of surplus tin, currently worth around £600m.

In addition, producer members of the Agreement have been subject to the longest period of stringent export quotas in the 29 year history of the various tin pacts.

After all this effort, allowing the market price to sink below the "floor" level appears to strike at the very heart of the Agreement. Producers in the past have emphasised the vital importance of defending in particular the "floor" price, since it is used by mining companies as the guaranteed minimum return on which to base future investment and to borrow money from the banks.

However violent currency fluctuations in recent years have made it difficult to establish a universal "floor" price. The price rang in early tin agreements was based on the London sterling quotations—the first "floor" in 1956 was £640 a tonne.

In 1972 following the devalua*tion of sterling it was decided* to switch the basis for the price range to the Straits tin price in Malaysia, where the currency is tied to the U.S. dollar. However, the recent upsurge in the value of the dollar meant that *the Agreement's price range* rose substantially in terms of other currencies.

Sterling quotations in London reached record levels of more than £10,000 a tonne, while the Straits tin price in Malaysia remained on the "floor." As a result of trying to sustain the "floor" in Kuala Lumpur, the buffer stock was faced with suffering enormous losses by having to buy up surplus tin there and sell for less in London. For a long period London values were at a discount to Kuala Lumpur and effectively well below the "floor" level.

Mr Pieter de Koning, buffer stock manager, decided some time ago that the only way to defend a real international "floor" price was for him to be given flexiblity to operate below the Malaysian "floor" level if necessary. Without that freedom he is in many ways a sitting duck to market operators who know when he is forced to buy. It is like playing a game of poker, with your opponents able to see at least some of the cards in your hand.

It took Mr de Koning about a year to persuade certain producer countries, like Malaysia and Australia, which base their selling prices on the Kuala Lum*pur daily quotations, that the* "floor" price was not sacrosanct.

Mr de Koning pointed out that the buffer stock had effectively exhausted its cash resources some time ago. It continues to control the market by *using its stocks, borrowing* facilities and influence. "Traders don't want to 'kill' me any more," he commented. "They make money out of the buffer stock quotation."

A large proportion of the current buffer stockholdings, for example, were bought when prices were around £7,000 a tonne, compared with the present level of £9,500, yielding a substantial "paper" profit.

"You don't need money to buy tin, just as you can sell without having tin," according to Mr de Koning.

Nevertheless the buffer stock remains under extreme financial pressure. The cost of financing the holding of 60,000 tonnes of tin, and of borrowing money, is huge. In spite of stringent export controls, smuggling and increased production by non-member producers means the buffer stock still has to be constantly operating in the market, mopping up surplus supplies to support prices.

Mr de Koning says the objective remains to defend the "floor," but that this is easier to achieve by withdrawing on occasions and letting the market fall to the cheaper levels.

Conditions at the end of April provided the buffer stock manager with a good opportunity to benefit from his new-found flexibility to operate below the "floor."

Malaysian tin miners at the start of a new export quota period (May 1) tend to flood the market with offerings to obtain cash for their available tin as soon as possible, in spite of pleas from the Tin Council to phase their sales over a longer period. There has been everything to gain from selling instantly, and improving cash flow, while the guaranteed "floor" price was always available.

On this occasion, however, the buffer stock allowed the Straits price to drop to an eight-year low of M$27.49 a kilo, well below the floor level. This was enough to put Kuala Lumpur at a discount to London and encourage outside buyers to take up much of the increased offerings and make an almost guaranteed profit by selling at a higher price in London.

This manouevre saved the buffer stock a great deal of money and also may force miners to sell their export quotas more sensibly in future. The buffer stock has now helped to push the Straits tin price back above the "floor" level and is at the same time keeping London values steady in line with the decline in sterling to maintain a premium over Kuala Lumpur.

It has been a successful operation so far, but there could be a heavy price to pay. For a start the principle of defending the "floor" price at all costs has, in effect, been abandoned for the sake of expediency. This not only makes it more difficult for miners to borrow money but also devalues the buffer stock holdings.

It also casts a shadow over the future of the tin market and the Agreement. The existence of a big stock of surplus supplies, even though it is not available for release until there is a substantial rise in the market, is a long-term depressing influence. At the same time the number of countries willing to join a new Tin Agreement, when the present pact expires, is likely to decline even more bearing in mind the huge cost involved.

Consumer countries have become increasingly restless about having to pay large sums to sustain tin prices at what appears to be an artificially high level. As one European delegate commented: "There is unlikely to be a seventh Tin Agreement, if the present one is anything to go by."

Malaysia accuses Brazil of 'no positive response'

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA, the world's largest tin producer, yesterday urged Brazil to curb its production *and exports in order to prevent* the future collapse of the tin market.

The blunt message came from Mr Paul Leong, Malaysia's Minister of Primary Industries, who said Brazil had shown no positive response to previous approaches by producer members of the International Tin Council.

Mr Leong's warning comes at a time when global over-supply has depressed tin prices. The current world surplus of the metal is estimated to exceed 60,000 tonnes.

Malaysia and other ITC producers have been restricting their exports by nearly 40 per *cent for the past three years,* while Brazil, a non-member, has increased its production from 6,900 tonnes in 1980 to an estimated 20,500 tonnes this year.

Mr Leong was speaking at the *annual* meeting of the Malaysian Chamber of Mines, whose president, Mr Naji Mokhty, echoed the Minister's concern about Brazil.

Apart from the Brazilian question, three other issues were highlighted by the Malaysian miners as factors which were depressing the market and threatening the collapse of the industry.

- Tin smuggling from south-*east Asia, amounting to an* estimated 12,000 tonnes of tin concentrates in 1984. Mr Naji Mokhty described a smelter in neighbouring Singapore as "the biggest thorn in the flesh." It did a "thriving business" in *smuggled* tin and should be closed down, he said.
- Production by Britain and Canada, both consumer ITC members, The first Canadian tin mine, due to open later this year, is expected to produce 4,400 tonnes annually, and UK production from Cornwall mines could one day exceed British consumption. Without naming them, Mr Leong said some consumer members had taken "un*due and unfair advantage" of* ITC efforts to stabilise the market.
- U.S. sales of stockpiled tin. Although these sales have been limited to 3,000 tonnes a year, Mr Leong said he would prefer their suspension "during these difficult and challenging times." Mr Naji Mokhty also urged a suspension.

Mr Leong also expressed concern over proposed EEC legislation to reduce tin content on food cans. If adopted, the proposal would mean "a serious loss of market for tinplate."

He added that the proposal was not apparently based on concrete evidence of harmful effects of tin at current limits or on toxicological data.

Referring to recent breaches of the floor price of tin on the Kuala Lumpur market, the minister reassured miners that there was "no intention to allow tin prices to go on a downward slide."

The sole purpose, he said, was to allow the differential in tin prices between Kuala Lumpur and London to revert to normal Levels.

Dairy products head for upturn in U.S.

BY OUR COMMODITIES STAFF

SALES of cheese in the U.S. are likely to rise by almost a third in the next three years, according to a market survey published by the American research company Frost & Sullivan.

Demand for other major dairy products, such as yoghurt, ice cream and frozen desserts, will also rise by 1988.

The expected 30 per cent rise in cheese sales, to an *estimated* $11bn against last year's level of $8.8bn (in constant 1983 dollars) reflects the shift in eating habits towards ethnic foods and snacks and convenience foods such as pizza, says *Frost & Sullivan.*

The report says the cheese market is dominated by Kraft Foods, with about half of total sales. Cheddar cheese accounts for about half of total production, followed by mozzarella *with 18 per cent.*

Yoghurt consumption has been rising at a rate of about 5 per cent a year as a result of the perception of yoghurt as a health food, and the market will increase by another 22 per cent to $757m in 1988, the study forecasts.

Top quality ice cream, *too,* will boost sales by 13 per cent to nearly $4.4bn.

However, the report indicates that this is not unalloyed good news for America's hard-pressed dairy farmers. Per *capita* consumption of milk in the U.S. has dropped from 260 lbs in 1977 to 239 lbs in 1983, with low-fat milk gaining market share at the expense of whole milk.

As in the European Com*munity,* the supply of milk in the U.S. has long exceeded demand, although Frost & Sullivan says recent Government efforts to curtail dairy production may have cut the gap to about 3 per cent.

** The Dairy Products Market; Frost & Sullivan, 106 Fulton St, New York, NY 10038 (price $1,325).*

Government policy causes decline, farmers warned

BY ROBIN REEVES

UK GOVERNMENT policy towards agriculture is producing an industry in decline and a rural economy which has had the rug pulled from under its feet, the Farmers' Union of Wales' annual meeting in Aberystwyth was warned yesterday.

In a bitter attack, Mr Huw Hughes, the union's president, said that not only was the Government failing to apreciate farming's problems and economic potential, but it was acting like a "calculating asset-stripper" in cutting advisory service funding, and research services. He accused Mr Michael Jopling, the Minister of Agriculture, of displaying a 'casual *indifference at a time when the* industry is crying out for direction and energetic leadership."

Mr Hughes warned that the worst was to come. In particular, he expected more favourable weather this summer to trigger greater milk output and, therefore, super levy penalties on producers through the EEC quota system. The proposal for super levy to be paid quarterly rather than annually, could present serious flow problems on many farms.

On beef, he said that the proposed exclusion of heifers from variable premium support would hit Welsh farmers particularly hard as would the possible exclusion of ewes from EEC sheepmeat support now being mooted. At the same time any large scale switch out of milk because of EEC quotas, would lead to production surpluses and market strains in other commodities, he added.

The AGM gave unanimous backing to the FUW leadership's demand, earlier this week, *for a re-run of the Milk* Marketing Board poll on altering its producer voting system. The demand is based on the grounds that the ballot paper question is misleading. The meeting also called for a tiered milk-price system to favour the family farm in any revised quotas regime.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	£886-7	—3.5	891.5
3 months	£908-.5	—4.25	913/908

Official closing (am): Cash 891.5-2 (885-6); three months 912.5-3 (908.5-9); settlement (886). Final Kerb close: 908-9. Turnover: 11,350 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/Low
Cash	1206-5	—25.25	1206/1199
Three months	1204-.5	—12.5	1215/1194

Official closing (am): Cash 1,200-1 (1,235-6); three months 1,200-1 (1,216.5-7); settlement 1,201 (1,236). Final Kerb close: 1,194.

Cathodes			
Cash	£1191-5	—19.5	—
Three months	£1190-5	—14.5	—

Official closing (am): Cash 1,190-5 (1,207-15); three months 1,192-5 (1,204-8); settlement 1,195 (1,215). Turnover: 26,550 tonnes. U.S. Producer prices 70-74 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	298-9	[illegible]	298/297
3 months	302-3	[illegible]	303/301

NICKEL

TIN

ZINC

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	May 16 1985	+ or —	Month ago
Aluminium	£1100	—	£1100
Free Mkt	$1145/175	—5	$1135/165
Copper			
Cash h Grade	£1205.75	—25.25	£1173
3 mths	£1204.75	—12.5	£1157.25
Gold troy oz	$320.5	—2.75	$327.25
Lead Cash	£298.5	—2	£303
3 mths	£302.5	+0.25	£302.25
Nickel			
Free Mkt	248/278c	—	258/268c
Palladium oz	$110.00	—1.5	$112.00
Platinum oz	$277.80	—1.45	$283.75
Quicksilver†	$280/290	—	$280/298
Silver troy oz	517.15p	+3.20	507.35p
3 mths	532.30p	—3.10	521.85p
Tin cash	£9550	+45	£9347.5
3 mths	£9517	+38.5	£9317.5
Tungsten	$74.36	—	$77.70
Wolfram 22 04lb	$68/71	—	$74/78
Zinc	£647.5	—13.5	£688.5
3 mths	£653.5	—11	£681.5
Producers	$960	—	$980

OILS	May 16 1985	+ or —	Month ago
Coconut (Phil)	$720	—	$790
Palm Malayan	$605	—25	$640
SEEDS			
Copra Phil	$430x	—	$490
Soyabean (U.S.)	‡	—	$248.5
GRAINS			
Barley Fut. Sep	£99.25	+0.25	£96.85
Maize	£150.00	—	£151.00
Wheat Fut July	£120.80	—0.20	£123.35
No. 2 Hard Wint.	‡	—	‡
OTHERS			
Cocoa Ft. July	£1781.5	—44.5	£1896.5
Coffee Ft. July	£2110.5	—8.5	£2027.5
Cotton A Index	65.05c	—	66.10c
Gas Oil July	$215	—0.25	$227.5
Rubber (kilo)	64p	—	65.25p
Sugar (raw)	$86x	—1	$102.5
Wooltops 64s	481pkilo	—5	463pkilo

‡ Unquoted. x May-June. z June. † Per 76-lb flask. c Cents a pound.

GOLD

Gold fell $2¾ on the London bullion market yesterday to $320¼-320¾. The metal opened at the day's peak of $320¾-321¼ and was fixed at $320.40 in the morning and $320.10 in the afternoon. It touched a low of $318½-319, in subdued trading, restricted by the Ascension Day holiday on the Continent.

GOLD BULLION (fine ounce) May 16

Close	$320¼-320¾	(£254-254½)
Opening	$320½-321¼	(£255-255½)
M'n'g fix	$320.40	(£254.730)
Aft'n'n fix	$320.10	(£255.161)

GRAINS

Old crop wheat saw a 50p rise after Wednesday's losses but gradually declined to close at the day's lows. New crops were a little steadier but quiet as EEC farm ministers again failed to reach any settlement, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
May	117.95	—0.85	112.75	—0.75
July	120.80	—0.20	—	—
Sept	99.75	+0.15	99.25	+0.25
Nov	103.10	+0.25	102.70	+0.25

SILVER

FREIGHT FUTURES

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

OIL

COCOA

SUGAR

RUBBER

COFFEE

SOYABEAN MEAL

PIGMEAT

POTATOES

MEAT

U.S. MARKETS

CRUDE OIL was unchanged to nominally higher, reports Heinold Commodities. Grains and soyabeans were uniformly lower on local and commercial selling against lower currencies; only nearby soyabean oil was higher on concern about adequacy of supplies. Gold and silver came under pressure on the weaker tone to currencies and an easing of concern over the Maryland situation. Copper weakened, reflecting better cash availability in Europe. Sugar remained weak reflecting continuing concerns over excess stocks. Cocoa was under pressure from fears that the increase in the Ghanaian producer price will encourage a rebound in production. Coffee remained steady on the lack of fresh features. Cotton was steady awaiting the export sales report.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	48.90	—	—	48.90
June	49.10	—	—	49.10
July	49.45	49.45	49.30	49.45
Sept	50.20	50.20	50.10	50.20
Dec	51.35	—	—	51.35
Jan	51.70	—	—	51.70
March	52.45	—	—	52.45

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	65.05	65.29	64.76	64.82
Oct	63.65	63.78	63.88	63.85
Dec	63.78	63.94	63.65	63.76

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel

GOLD 100 troy oz, $/troy oz

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

ORANGE JUICE 15,000 lb, cents/lb

COCOA 10 tonnes, $/tonnes

PLATINUM 50 troy oz, $/troy oz

COFFEE "C" 37,500 lb, cents/lb

SILVER 5,000 troy oz, cents/troy oz

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
June	64.00	—	—	64.90
July	64.40	64.80	64.25	65.35
Sept	65.10	65.45	64.95	65.90
Dec	65.80	66.15	65.80	66.50
Jan	66.00	—	—	66.70
March	66.35	66.80	66.25	67.10
May	66.75	67.20	67.00	67.50
July	67.20	67.60	67.35	67.85
Sept	67.60	—	—	68.20

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	3.00	3.08	3.00	3.05
Sept	3.12	3.22	3.20	3.22
Oct	3.25	3.35	3.26	3.31
Jan	3.63	3.70	3.70	3.65
March	4.07	4.16	4.06	4.15
May	4.30	4.36	4.30	4.35
July	4.51	4.57	4.50	4.55
Sept	4.63	—	—	4.70
Oct	4.84	4.84	4.84	4.90

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	63.35	64.22	63.72	64.17

LIVE HOGS 30,000 lb, cents/lb

MAIZE 5,000 bu min, cents/56-lb bushel

PORK BELLIES 38,000 lb, cents/lb

SOYABEANS 5,000 bu min, cents/60-lb bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lb, cents/lb

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
May	341.4	342.6	340.0	342.2
July	318.2	319.0	316.4	319.6
Sept	318.6	320.4	318.0	321.0
Dec	329.2	331.4	328.6	332.2
March	334.4	336.0	334.0	336.6
May	326.0	327.4	326.0	327.4

OTHER MARKETS

COTTON

LIVERPOOL—Spot and shipment sales amounted to 136 tonnes. Operations continued at reasonable levels and business was done in American styles. Interest was also shown in Central African growths.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Aus*tralian cents per kg.* May 524.0, 526.0, nil; July 634.5, 638.0, nil; Oct 622.0, 623.5, nil; Dec 622.5, 626.0, nil; March 630.1, 630.0, 630.5-630.0; May 640.0, 650.0, nil; July 642.0, 649.0, nil; Oct 618.0, 640.0, nil. Sales: 4.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May unquoted, 512; Aug 536, 538, 537-536; Oct 532, 536, 537; Dec 535, 536, 537-536; Jan 536, 537, 538-537; March 544, 546, nil; May 550, 552, 553-551; Aug 562, 564, 566-564; Oct 560, 565, nil. Sales: 68.

SPOT PRICES

SPOT PRICES—Chicago loose lard 20.00 (same) cents per pound. New York tin 555.0 (555.0) cents per pound. Handy and Harman silver bullion 651.0 (653.5) cents per troy ounce.

Sunflowerseed

Prospects for the Soviet 1985-1986 sunflower seed crop are poor, mainly due to delays in planting which will cut potential yields and may result in later maturity and a late harvest, according to Oil World, the Hamburg-based newsletter.

Only 1.7m hectares were sown by April 2, compared with 2.5m and 3.55m in 1984 and 1983 respectively.

The target for this year's total sunflowerseed plantings is about 4.05m hectares, little changed from last year. In 1982 and 1983 total sunflowerseed plantings reached 4.3m hectares.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar higher in quiet trade

The dollar showed a slight recovery from its recent downward trend in quiet foreign exchange trading. The underlying mood of the market remained very nervous however. Some support was given to the dollar by its resistance to Wednesday's cut in Bankers Trust prime rate, and was underpinned further in the afternoon by a larger than expected rise of 1.6 per cent in U.S. April housing starts. This followed some disappointing economic data earlier this week, which had not encouraged those hoping for a rebound in economic growth this quarter. Speculation continues about a possible reduction in the Federal Reserve discount rate. The general health of the banking system is also causing concern, and against the background dealers suspect the weaker trend seen in the dollar in recent weeks will continue.

With most of Europe closed for Ascension Day the dollar managed to rally to DM 3.0910 FFr 9.3850; SwFr 2.59 from from DM 3.0770; FFr 9.42 from Y251.

On Bank of England figures the dollar's index rose to 146.3 from 145.4.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. April average 1.2414. Exchange rate index fell 0.2 to 78.9. It also opened at 78.9, the highest level of the day, and remained fairly steady, sliding gently to a low of 78.7 at 1 pm.

Sterling was firm against most currencies, other than the dollar. High London interest rates remain an incentive for overseas investors, and any drift in oil prices is not yet causing problems for the pound. Against a strong dollar sterling fell to a low of $1.2475, but recovered well to finish only ¼ cent lower on the day at $1.2580-1.2590. The pound rose to DM 3.90 from DM 3.8875; FFr 11.8950 from FFr 11.8250; and SwFr 3.30 from SwFr 3.28, but declined to Y316.50 from Y317.

Trading opened on the London Stock Exchange in sterling/dollar currency options, and recorded good volume of 2,430 contracts.

JAPANESE YEN—Trading range against the dollar in 1985 is 263.15 to 247.10. April average 251.45. Exchange rate index 154.8 against 156.7 six months ago.

The yen weakened against the dollar in Tokyo yesterday. News that a Soviet aircraft had disappeared from Japanese radar while flying over the Sea of Japan led to late nervous demand for the U.S. currency. It closed at the day's high of Y251.30, compared with Y250.17 on Wednesday, after opening at Y250.45. Lack of confirmation about a possible international crisis, sent buyers rushing into the market, with traders holding short positions frantically trying to square their books. This was the main factor in an otherwise quiet day. The D-mark fell to Y81.46 from Y81.78.

STERLING INDEX

	May 16	Previous
8.30 am	78.9	79.1
9.00 am	78.9	79.2
10.00 am	78.9	79.1
11.00 am	78.8	79.0
Noon	78.8	79.0
1.00 pm	78.7	78.9
2.00 pm	78.7	78.8
3.00 pm	78.9	79.0
4.00 pm	78.9	79.1

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc	44.9008	45.0855	+0.41	+0.50	±1.5471
Danish krone	8.14704	8.06946	−1.00	−0.91	±1.6419
German D-mark	2.24184	2.24007	−0.08	+0.01	±1.1476
French franc	6.87456	6.83091	−0.63	−0.54	±1.3689
Dutch guilder	2.52595	2.53137	+0.21	+0.30	±1.5171
Irish punt	0.72569	0.715717	−1.37	−1.28	±1.6673
Italian lira	1403.49	1429.36	+1.84	+1.84	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	May 16	prev. close
£ Spot	$1.2575-1.2590	$1.2650-.2660
1 month	0.49-0.47pm	0.49-0.47pm
3 months	1.40-1.36pm	1.35-1.33pm
12 months	3.60-3.45pm	3.38-3.31pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

May 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2475-1.2600	1.2580-1.2590	0.5-0.47c pm	4.62	1.39-1.34pm	4.34
Canada	1.7166-1.7300	1.7250-1.7300	0.48-0.41c pm	3.09	1.33-1.20pm	2.93
Nethlnd.	4.37½-4.39½	4.38½-4.39½	2¼-2c pm	5.64	6¾-6pm	5.58
Belgium	77.96-78.47	78.10-78.20	26-21c pm	3.61	71-63pm	3.43
Denmark	13.88-14.02½	14.01½-14.02½	4½-3⅞ore pm	3.74	11½-10½pm	3.17
Ireland	1.2361-1.2438	1.2420-1.2430	0.01p pm-0.01 dis	—	0.01pm-0.01dis	—
W. Ger.	3.87½-3.90½	3.89½-3.90½	2½-2¼pf pm	7.12	6⅞-6⅝pm	6.92
Portugal	215½-220½	220½-224½	100-420c dis	−14.02	320-1200dis	−13.88
Spain	218-219	218-218½	10c pm-5 dis	−0.14	15-50dis	−0.60
Italy	2,464½-2,488	2,487-2,488	4-1 lire pm	1.21	4dis-1pm	−0.24
Norway	11.10-11.21½	11.19½-11.20½	¾ore pm-½ dis	−0.27	¾pm-½dis	−0.04
France	11.79¾-11.90	11.89-11.90	2⅞-2⅝c pm	2.69	7½-6⅞pm	2.36
Sweden	11.12½-11.28	11.23½-11.24½	2½-3½ore dis	−3.47	9½-10½dis	−3.49
Japan	316¾-317¾	316-317	1.75-1.65y pm	6.46	4.95-4.85pm	6.19
Austria	27.19-27.38	27.23-27.33	14½-13gro pm	6.08	40½-36pm	5.61
Switz.	3.26½-3.30½	3.29½-3.30½	2¾-2½c pm	7.86	6½-6pm	7.35

Belgian rate is for convertible francs. Financial franc —.
Six-month forward dollar 2.39-2.34c pm, 12-month 3.60-3.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2475-1.2600	1.2580-1.2590	0.50-0.47c pm	4.62	1.39-1.34pm	4.34
Ireland†	1.0060-1.0155	1.0135-1.0145	0.40-0.30c pm	4.15	1.15-0.85pm	3.95
Canada	1.3700-1.3730	1.3720-1.3730	0.16-0.19c dis	−1.53	0.46-0.51dis	−1.41
Nethlnd.	—	3.4870-3.4880	0.31-0.28c pm	1.02	1.10-1.07pm	1.26
Belgium	—	62.00-62.10	6-7c dis	−1.26	15-17dis	−1.03
Denmark	11.09-11.16	11.12¾-11.13¼	¼-1¼ore dis	−1.08	3-3½dis	−1.17
W. Ger.	3.0810-3.1060	3.0905-3.0915	0.69-0.64pf pm	2.60	2.05-2.00pm	2.64
Portugal	174½-178½	175-176½	150-400c dis	−18.86	450-1150dis	−18.29
Spain	173½-175	173¼-173¾	60-70c dis	−4.46	205-235dis	−5.04
Italy	1,962-1,982	1,979½-1,980½	6¼-6¾ lire dis	−3.94	20¼-21dis	−4.17
Norway	—	8.89¼-8.89¾	3-3½ore dis	−4.37	9¼-10dis	−4.32
France	9.40¼-9.46	9.41½-9.42½	1.52-1.62c dis	−2.01	4.50-4.80dis	−1.98
Sweden		8.92¼-8.92¾	6-6¾ore dis	−8.54	17½-18¼dis	−7.98
Japan	251.20-252.15	251.40-251.50	0.41-0.37y pm	1.86	1.23-1.18pm	1.91
Austria	—	21.60-21.70	3½-2½gro pm	1.67	9¼-6½pm	1.44
Switz.	2.5800-2.6050	2.5895-2.5905	0.70-0.64c pm	3.13	2.08-2.02pm	3.19

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc —.

OTHER CURRENCIES

May 16	£	$		£ Note Rates
Argentina Peso	639.12-640.14	509.95-510.35	Austria	27.20-27.50
Australia Dollar	1.8440-1.8410	1.4730-1.4720	Belgium	78.00-78.80
Brazil Cruzeiro	6,517-6,528	5,200-5,220	Denmark	13.89-14.03
Finland Markka	8.0695-8.0920	6.4480-6.4500	France	11.78-11.89
Greek Drachma	169.42-173.11	134.64-137.46	Germany	3.86-3.90
HongKong Dollar	9.7416-9.7515	7.7685-7.7705	Italy	2458-2490
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

May 16	Bank of England Index	Morgan Guaranty Change %
Sterling	78.9	−10.5
U.S. dollar	146.3	+31.4
Canadian dollar	87.7	−7.0
Austrian schilling	111.7	+3.6
Belgian franc	89.1	−11.2
Danish Kroner	77.3	−5.8
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.790526	N/A
U.S. $	8	0.991319	"
Canadian $	9.93	"	"
Austria Sch.	4½	N/A	"
Belgian Fr.	9½	"	"
Danish Kr	7	"	"
Dmark	4½	"	"
Guilder	5½	"	"
[illegible]	[illegible]	[illegible]	[illegible]

*CS/SDR rate for May 15: 1.36335.

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12¾	8⅛-8⅜	8¾-9¼	6⅝-6⅞	2-2¼	5-5¼	10-10⅛	11½-12½	9⅝-9⅞	9¾-10	6-6⅛	8⅞-9
7 day's notice	12⅞-12⅞	8-8⅛	9-9⅛	6½-6⅝	2-2¼	5⅛-5⅜	10-10⅛	11½-12½	9½-9¾	9¼-9½	6⅛-6⅜	8¼-8¾
Month	12¾-12⅞	8-8⅛	9¼-9½	6⅜-6⅝	4⅞-5	5⅛-5⅜	10⅛-10⅜	11⅞-12⅜	9-9¼	9-9¼	6⅛-6⅜	8¾-9¼
Three months	12½-12⅞	8⅛-8¼	9½-9¾	6¾-6⅞	5⅛-5⅜	5½-5⅝	10⅛-10¼	12⅝-12¾	9⅛-9⅜	9¼-9½	6⅜-6⅝	9-9½
Six months	12⅛-12⅞	8⅜-8⅝	9½-9¾	6¾-6⅞	5⅛-5⅜	5⅝-5¾	10¼-10⅜	13-13⅝	9⅛-9⅜	9¼-9½	6⅜-6⅝	9¼-9¾
One year	12⅛-12⅞	8⅝-9⅛	10-10¼	6¾-6⅞	5⅛-5⅜	5⅞-6	10⅝-10⅞	13¾-14⅛	9⅝-9⅞	9⅝-9⅞	6⅜-6⅝	9¾-10¼

Asian $ (closing rates in Singapore): Short-term 8⅛-8¼ per cent; seven days 8⅛-8¼ per cent; one month 8-8⅛ per cent; three months 8⅛-8¼ per cent; six months 8⅜-8½ per cent; one year 8⅝-9⅛ per cent. Long-term Eurodollars: two years 10-10⅛ per cent; three years 10½-10⅝ per cent; four years 10¾-11 per cent; five years 11-11¼ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates a little higher

Interest rates had a slightly firmer tone on the London money market yesterday, but trading was very quiet, with no new influences. Overnight money was initially quite firm, and this tended to pull up shorter term rates. Sterling was about 1 cent lower against a stronger dollar by noon and this also tended to put slight upward pressure on rates. Three-month interbank closed at 12⅝-12¾ per cent compared with 12⅝-12¹¹⁄₁₆ per cent, and discount houses buying rates for eligible bank bills rose to 12¹⁷⁄₃₂-12⁹⁄₁₆ per cent from 12 per cent. The pressure was very limited however, with dealers still hoping that the next set of UK money supply figures will be much better than the last, and pave the way for a cut in base rates.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

The Bank of England forecast a money market shortage of £550m, but later revised this and provided help on the day of £504m.

Before lunch the authorities bought £163m bills outright, by way of £24m bank bills in band 1 (up to 14 days maturity) at 12⅜ per cent £53m bank bills in band 2 (15-33 days) at 12⅜ per cent; £24m local authority bills in band 3 (34-63 days) at 12⅜ per cent; £26m bank bills in band 3 at 12⅜ per cent; and £36m bank bills in band 4 (64-91 days) at 12 per cent.

Another £311m bills were purchased outright in the afternoon, through £154m bank bills in band 1 at 12⅜ per cent; £30m bank bills in band 2 at 12¼ per cent; £71m bank bills in band 3 at 12⅜ per cent; and £56m bank bills in band 4 at 12 per cent.

The Bank of England also provided late assistance of £30m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £343m, with the unwinding of repurchase agreements absorbing £207m, and a rise in the note circulation of another £30m. These outweighed Exchequer transactions adding £90m to liquidity.

MONEY RATES

May 16	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45-5.5	10⅛	1½-2½	6⅞-7	5.96875	15-15⅝	10.10	12⅝-12⅝
One month	5.85-5.90	10⅛-10⅜	4¾-5	6⅞-7	6.28125	14⅝-14¾	9½-9¼	12⅝-12⅞
Two months	5.65-5.80	10⅛-10⅜	—	—	—	—	—	12½-13¼
Three months	5.70-5.85	10⅛-10¼	4⅞-5⅛	6⅞-7	6.34375	14⅞-15¼	9¼-9⅝	12½-12¾
Six months	5.75-5.90	10¼-10⅜	—	6⅞-7	—	—	9¼-9½	12⅝-12⅞
Lombard	6.0	—	—	—	—	—	—	—
Interververtion	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. May 16)

3 months U.S. dollars	
bid 8 5/16	offer 8 5/16

6 months U.S. dollars	
bid 8 7/16	offer 8 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES — NEW YORK (Lunchtime)

[illegible]

FINANCIAL FUTURES

Eurodollars rally

Eurodollar futures rallied in late trading on the London International Financial Futures Exchange yesterday, to finish around the highest level of the day. The September contract opened lower at 90.97, with dealers commenting on a "shake out" in Chicago overnight. Federal funds opened higher than expected in New York and this led to further selling. The rise of 1.6 per cent in U.S. April housing starts was also above the anticipated level, although it was suggested the figure may need clarification. This drove the contract down to a low of 90.89, but there was good support at this level in Chicago, and it recovered to 90.00, continuing up to close at 90.10. Dealers suggested that the housing figure may not be significant and after recent statistics there is still expectation of a cut in the U.S. discount rate.

U.S. Treasury bond futures also opened lower on overnight liquidation of long positions in Chicago, but then followed a similar pattern to Eurodollars, although closing below the best levels.

Gilts futures began on a weak note as sterling declined against the dollar on the foreign exchanges. Selling was particularly noted from one stock jobber, but after a better performance by the pound in the afternoon June gilts finished around the middle of the day's range.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.70	91.70	91.55	91.65
Sept	91.10	91.11	90.89	91.04
Dec	90.66	90.60	90.48	90.61
March	90.29	90.21	90.15	90.27
June	90.00	89.92	89.92	89.98

Est volume 4,891 (5,523)
Previous day's open int 18,976 (19,274)

THREE-MONTH STERLING £500,000 points of 100%

[illegible]

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	132.95	133.75	132.80	133.50
Sept	133.55	—	—	134.10

Est volume 344 (350)
Previous day's open int 1,396 (1,394)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	74-02	74-10	73-14	73-24
Sept	73-01	73-06	72-16	72-23

Est volume 1,457 (1,696)
Previous day's open int 3,035 (3,178)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 8, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

against various currencies as of Wednesday, May 15, 1985.
Eurodollar Libor as of May 15 at 11.00 a.m.
3 months: 8¼ 6 months: 8½

ECU=$US.730205 SDR1=$US.994666
Sibor as of May 15 at 11.00 a.m.
3 months: 8¼ 6 months: 8½

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.9791
Algeria	Dinar	5.071
Andorra	Fr. Franc	9.367
	Sp. Peseta	178.80
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	500.10
Australia	Dollar	1.4652
Austria	Schilling	21.556
Azores	Port. Escudo	174.25
Bahamas	Dollar	1.00
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.367
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, f)	2.60
Guinea Bissau	Peso	147.225
Guinea Rep	Syli	24.2177
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	3.65
Hong Kong	Dollar	7.765
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	566.60
Peru	Sol (o)	9506.70
Philippines	Peso	18.489
Pitcairn Is.	N.Z. Dollar	2.205
Poland	Zloty (O) (δ)	135.94
Portugal	Escudo	174.25
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	9.367
Romania	Leu (o)	4.54
[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 40

Stock		Sales (Hnds)	High	Low	Last	Chng
PeopEx		319	10 5/8	10 1/8	10 1/8	−1/2
PeoE pf	2.64	157	19 1/8	18 1/2	19 1/8	+5/8
PeopB s	.52	3	18 1/2	17 7/8	18 1/2	+1/2
PeopRt		133	5-16	1/4	1/4	
Percept		3	7 1/8	6 7/8	7 1/8	
PerpA		459	19 5/8	19	19 5/8	+5/8
PersCpt		86	8 3/8	7 5/8	7 5/8	−5/8
Petind		10	3 3/4	3 3/8	3 3/8	−1/4
PETCO		102	3 1/8	3 1/8	3 1/8	
Petrlte	1.12	378	30 1/2	30	30	−1/4
Petrmn		22	2 1/4	2 1/4	2 1/4	
Phrmct		488	8 1/2	8	8 1/4	−1/4
Phrmcla	.06e	266	16	15 7/8	16	
Phrmkl		737	4 1/4	3 3/4	4 1/8	−1/8
Phrm wt		51	3 5/8	3 1/4	3 1/2	−1/4
PSFS	.05e	1915	9 1/4	9	9 1/8	+1/8
PhnGl	.50e	1025	15 5/8	15 1/2	15 5/8	
PhnxAm		137	2 5/8	2 3/8	2 5/8	+1/4
Physin	.26	70	6 1/8	5 1/2	5 1/2	
PicSav		346	25 1/8	24 7/8	25	+1/8

Stock		Sales (Hnds)	High	Low	Last	Chng
PicCafe	.60	25	22 1/2	22 1/8	22 1/8	−3/8
PiedBc	.68	10	24 1/2	24 1/4	24 1/2	+1/2
PionFdl	.45e	2	14	13 3/4	13 3/4	
PionG s	.30	33	19 1/2	19	19 1/2	+1/4
PionHI	.92	640	34 1/2	33 1/2	33 3/4	−1/2
PionSB		161	5 7/8	5 1/2	5 3/4	−1/8
PionSt s	.12	901	8 1/4	7 3/4	8 1/4	+1/4
PlantrC	.96	2	31	31	31	+1/2
Plenum	.96	34	35 1/2	34	35 1/2	+3/4
PoFolk		20	10 5/8	10 1/2	10 1/2	
PlcyMg		140	24 1/4	23 1/2	24	+1/4
PonceF	.25r	10	10 3/4	10 1/2	10 3/4	+1/8
Porex		290	24 3/8	22 5/8	24 3/8	+1 1/2
Powell		592	2 5/8	2 1/8	2 1/2	+3/8
Powrtc s		x106	11 1/2	10 1/2	11 1/2	
PwConv		20	8 1/2	8 1/2	8 1/2	
PrecCst	12	11	24 1/8	23 7/8	24	
PfdRsk	.82	17	32	31 1/2	32	
PfdSav		13	7 1/2	7 1/8	7 1/2	+3/8
PrpdLg		16	6	5 3/4	5 3/4	−1/4
PresLf s		88	24 1/4	23	24 1/4	+3/4
PrstnCp	.50	117	14 3/4	14 5/8	14 3/4	
Preway		219	5	4 7/8	5	+1/8
Priam		152	4	3 3/4	3 7/8	−1/8
PricCm s		86	10 1/4	10 1/8	10 1/4	−1/8
PricCo s		454	59 1/4	58 1/2	58 3/4	−1/4
PrinvD	16	432	6 5/8	6 1/8	6 1/2	+1/8
Prtronx		190	11 1/4	10 3/4	11 1/4	
ProdOp	16	303	5 5/8	5 1/8	5 1/4	
Proliny		3	5 5/8	5 5/8	5 5/8	
ProfitS	.40	4	11 3/4	11 3/4	11 3/4	
ProgSys		50	5 1/4	5	5	+1/8

Stock		Sales (Hnds)	High	Low	Last	Chng
ProgCp	.16	73	52 1/2	52	52 1/2	+3/4
Progrp		44	5 3/8	5 3/8	5 3/8	
PropTr	1.20	209	13 7/8	13 5/8	13 7/8	
ProtLf s	.66	814	23 1/4	22 3/4	23	
Protcol		4	1 3/4	1 3/4	1 3/4	
Provin		1	15 1/2	15 1/2	15 1/2	+1/4
PrvLf s	.76	200	25	24 7/8	25	+1/4
PrudBc		1	10 1/2	10 1/2	10 1/2	−3/8
PbSNC	1.80	17	22 3/4	22 5/8	22 5/8	−1/4
PgSdBc	1.12	25	32 3/4	32 1/4	32 1/2	
PulasF	.60	40	26 3/4	26	26 3/4	+1/4
Pullmn		452	7 1/2	7 3/8	7 1/2	+1/8
Pulm wt		14	4 1/2	4 1/4	4 1/4	−1/4
PuriBn	.40	756	24	22 1/2	23 1/4	+3/4
QMS s		926	12 1/4	11 3/4	11 7/8	−3/8
Quadrx		297	6	5 3/4	6	+1/4
QuakC s	.38	28	12	11	11	−1
QualSy		10	2 1/8	2	2	−1/8
Qntrnx s		10	11 1/4	10 3/4	10 3/4	
Quantm		412	23 1/4	22 1/4	22 1/4	−1/4
Quarx s		1	5 1/2	5 1/2	5 1/2	+5/8
QuestM		31	4	3 7/8	4	
Questch		5	8 3/4	8 3/4	8 3/4	
Quinxel		12	7 1/8	7	7 7/8	+1/8
Quixote		17	11	10 1/2	11	+1/4
Quotrn		2341	11 3/4	11 3/8	11 5/8	+1/8
R R						
RAX	.01e	512	8 1/4	7 3/4	8	
RBHT	2.48	10	53 1/2	53 1/2	53 1/2	
RJ Fin	.05e	15	9 5/8	9 5/8	9 5/8	
RLI Cp	.58	11	25 1/2	25	25 1/4	
RPM s	.56	210	15 3/4	15 1/2	15 1/2	